FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Bomb couple 'kissed in pub'

A young "courting couple" kissed in a crowded Guildford pub as they planted a 10 lb time bomb which killed five people, including two teenage Army girls, the Old Bailey was told. Sir Michael Havers, QC, prosecuting, was speaking on the first day of the trial of three Irishmen and a teenage London girl accused of bombing two Guildford pubs and another at Woolwich in which seven people were killed and 84 seriously injured.

The "courting couple" were said to be Carole Richardson, 18, and Patrick Armstrong, 24, an alleged IRA member. Other defendants are Gerald Conlon, 21, and Paul Hill, 29, both of Belfast. All four pleaded not guilty.

Police study 'Tartan' bombs

Scottish CID chiefs drew up plans in Glasgow to deal with explosions like last night's blast on a Glasgow railway line, the second in a week claimed by a nationalist group known as the Tartan Army.

Tricycles pledge

Mr. Alfred Morris, Minister for the Disabled, said he would take all possible steps over allegations that some of the Department's approved repairers were fitting invalid tricycles with defective parts. Yesterday, he met officials of the AA, whose magazine have made the allegations.

'Punish strikers,' says Liberal

Public sector workers who strike should be denied social benefits or dismissed if they ignore new procedures for settling disputes, Welsh Liberal leader Mr. Emlyn Hooson, MP told the Liberal Party conference. Page 11

Mr. Jeremy Thorpe will to-day try to strengthen confidence in his leadership. Back Page

'US rockets for Israel'

Israel is likely to receive Pershing ground-to-ground missiles and the new F16 fighter under a still-secret defence pact with the U.S. concluded as part of the Sinai withdrawal agreement. Page 4

Wilson starts Bucharest visit

Mr. Harold Wilson began talks in Bucharest with President Ceausescu. Romanian officials said a ten-year economic cooperation agreement, to be signed tomorrow, would pave the way for a five-fold increase in bilateral trade, reaching about £400m. a year in the next few years.

Lisbon deadlock

Negotiations for Portugal's sixth provisional Government fell through as the Popular Democrats—the second largest party after the Socialists—refused to accept a proposal that they should have the same number of portfolios as the Communist Party.

UN absentee

South Africa, which was suspended from last year's UN General Assembly, failed to turn up for to-day's opening of the new session. Page 4

Briefly . . .

Sweden will no longer enter the Eurovision song contest because, Swedish radio said, it had become "more and more streamlined and commercialised."

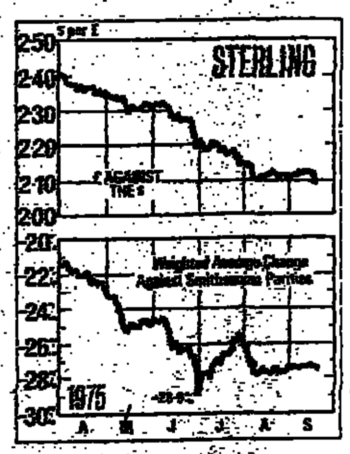
Baldev Singh Chahal, who is leading the Sikh campaign against crash helmets on religious grounds, was sentenced to 30 days' prison at Ealing after refusing to pay a £50 fine.

P. G. Wodehouse, creator of the immortal butler Jeeves, has left estate in England and Wales valued at £31,734. He died in February, aged 93.

BUSINESS

£ falls 1½ cents to new 'low'

● STERLING fell 1½ cents to a new low closing rate of $2.0910. But during the day, it dropped at one time to $2.0880, its lowest-ever against the dollar. The main factors were steel industry strike fears and the strength of the DOLLAR itself, which gained further on a 1.3 per cent. rise in U.S. industrial



output during August. Dollar's weighted depreciation improved to 2.25 per cent (2.49), its best since January last year. Sterling's, however, widened to 27.6 per cent. (27.4). GOLD lost $1¼ to close at $147¼, its worst since September last year.

● EQUITIES began well, but slowed on concern over the steel talks. FT 30-share index, up 7.2 earlier, finished 4.2 higher at 326.0. Gold Mines Index fell 0.6 to 294.3.

● GILTS gains to ¼ were erased by the close. Government Securities Index was [illegible] 0.01.

● WALL STREET closed off 8.06 at 795.13, on turnover of 13.09m. shares (8.67m.) on continuing concern over inflation.

● CHEQUES handled by the Bankers' Clearing Houses last month were valued at £133.4bn., 8.2 per cent. up on August last year. Page 8

Japan's $7.5bn. reflation

● JAPAN'S new reflation package will involve direct spending of $5.8bn. plus $1.7bn. financing measures for smaller businesses, surpassing in scale the past three reflation rounds, Prime Minister Takeo Miki said. (Page 5 and Editorial Comment—Page 14.) Dutch Budget proposals for reflationary measures totalling Fls.3bn. were presented to The Hague Parliament (Page 7).

● HIGH COURT moves against the AUEW are expected within days over an executive decision to postpone balloting for a key executive seat for six months. Page 11

● J. and A. Scrimgeour chairman expresses concern over cost burdens the Stock Exchange's £10m.-plus computer programme could involve for member-firms. He also calls for higher commission rates.

● STANDARD TELEPHONES & Cables is to cut its labour force by 11 per cent., with more redundancies to come next year, the company announced. Page 8

COMPANIES

● UNILEVER is making an agreed cash bid for floor coverings group Nairn Williamson, valuing it at £8.2m. Terms will be 120p a share. The offer beats the 98p a share bid by Low and Bonar. Back Page

● BICC first-half pre-tax profit fell 29 per cent. to £17.26m. (£24.3m.) after finance charges with sales down 4.8 per cent. to £376m. Page 34 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Assoc. Cement	163	+ 6
BSR	71	+ 7
Bank of Scotland	255	+ 10
Estates (E.)	45	+ 5
Gestobell	149	+ 9
GATS	297	+ 5
Ga Holdings	35	+ 6
Gisons	385	+ 9
Gallenkamp (A.)	112	+ 9
Glenlivet Distillers	155	+ 7
Granada "A"	60	+ 5
GKN	319	+ 8
Guys	60	+ 4
Hovergham Gp. Res. Vtg	19	+ 3½
Howden (A.)	137	+ 7
Ladbroke	182	+ 11
Law Land	38	+ 3½
Midland Bank	345	+ 8
Mitchell Cotts Trans.	26	+ 6
Reckitt and Colman	330	+ 8
Stone-Platt	76	+ 5
Tate and Lyle	223	+ 8
Thorn Elect.	204	+ 7
Taylor Woodrow	288	+ 5
Unilever	384	+ 6
United Real Prop.	210	+ 10
Waddington (J.) "B"	107	+ 12
Walker (C. and W.)	94	+ 7
Weyburn Eng.	238	+ 10
Shell Transport	340	+ 4
Bishopsgate Plat.	98	+ 6
De Beers Defd.	294	+ 7
Deelkraal	335	+ 15
FALLS		
Jourdon (Thos.)	10	− 3
Low and Bonar	153	− 5
Nairn and Williamson	92	− 6
Wilkes (Jas.)	30	− 10
Botswana RST	54	− 12
Rosn. Cons.	270	− 10
Stilfontein	275	− 10

Vital talks to-day as blastfurnacemen give strike notice

BY JOHN WYLES.

Blastfurnacemen's union leaders yesterday gave formal notice of a national strike starting this Sunday as production at key British Steel Corporation plants was halted or seriously disrupted by action designed to make the official strike call a mere formality.

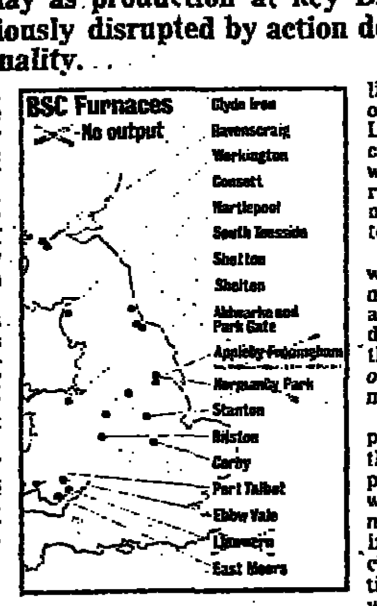
The main hopes of averting a stoppage, which could make 190,000 other steelworkers idle and create serious production problems for a wide range of British industry, now rest on renewed talks to-day between the BSC and the National Union of Blastfurnacemen at the Advisory Conciliation and Arbitration Service.

NUB's official strike notice was clearly encouraged by stoppages at the key BSC plants at Scunthorpe and South Teesside and by the threat of a stoppage by blastfurnacemen at the Port Talbot steel complex.

These moves were sparked by the union's invitation to its 13,000 members to show support for its stand in the dispute over payments for operating a new blast furnace at the Llanwern plant in South Wales.

Unless an early settlement is made, lay-offs at plants already hit by strike action will start within a few days and more will *follow as BSC continues to wind* down production at units which are dependent on steel from blastfurnaces.

With some car manufacturers already looking abroad for supplies to maintain production, the BSC announced yesterday that it was importing a "significant volume" of hot rolled coil from France and Holland. This is intended principally for the



canning industry which is totally dependent on BSC tinplate.

NUB's strike call was *publicised after Mr. Len Murray,* TUC general secretary, had spelled out anxieties about the possible effects of a prolonged steel stoppage to Mr. Hector Smith, the union's general secretary.

After assuring Mr. Murray during a 20-minute meeting that the NUB wanted an acceptable settlement as quickly as possible, Mr. Smith went on to a preliminary meeting with BSC officials at ACAS headquarters in London. BSC again detailed its complicated pay offer to Llanwern blastfurnacemen who have repeatedly disputed management's claim that increases of up to £17 a week are on offer.

The NUB is demanding a deal which would allow work on the new blastfurnace to yield £140 a week top rate with a full production bonus and is questioning the arithmetical basis of BSC's *offer of £100.15, including maximum bonus.*

Both sides see major issues of principle in the dispute, with the BSC determined to resist pace-setting pay demands which would add to the cost of technological change while the NUB insists that its members must be compensated for the introduction of new equipment and new working practices.

BSC thinks it significant that the blastfurnacemen, who have made the running this week in support of the 600 Llanwern men who stopped work on Sunday over the commissioning of the new furnace, are all located at plants where a Llanwern deal could be used as the basis for consequential pay demands.

Thus iron and steel production has been cut by 75 per cent. at BSC's South Teesside complex

Continued on Back Page

Industrial output falling at sharpest rate since war

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

INDUSTRIAL production in the U.K. has been falling at a rate unprecedented since the Second *World War.*

The latest figures from the Central Statistical Office published yesterday show that, at exactly 100, the production index in July was no higher than the average figure for 1970, the base year for the index.

Moreover, previous estimates of industrial output in May and June have been revised downwards by 1 per cent. and ½ per cent. respectively.

It is now clear production has fallen 3½ per cent. between the three months February-April and May-July, with the output of manufacturing industry alone (the broader index includes construction, mining and the public utilities) down by almost 4 per cent.

In July alone the output of all industries taken together is estimated to have been running no less than 8¼ per cent. lower than in the same month last year.

Although much of the decline in production is directly attributable to an industrial destocking process which some observers believe is nearly complete, production as a whole is expected to go on falling for some months.

INDUSTRIAL PRODUCTION

Production 1970=100

		All Ind.	Mnfg.
1973	1st	110.1	110.3
	2nd	109.8	110.4
	3rd	111.1	112.0
	4th	109.8	110.9
1974	1st	104.0	106.3
	2nd	107.9	109.6
	3rd	108.4	109.9
	4th	105.3	106.1
1975	1st	104.4	105.7
	2nd	100.1	100.2
	May	99.5	99.5
	June	99.5	99.6
	July*	100.0	100.3

Seasonally adjusted. * Provisional. Figures for 1974 and 1975 have been revised recently.

A feature of the index is that, in spite of the much sharper deterioration in industrial investment suggested by the intentions' forecasts, the decline in the output of "investment goods industries" in the latest three months *was only 2.1 per cent.*

Behind a small recovery in the official index for engineering production in July—up from 101 to 102—lay a recovery in car pro*duction but a fall in the output of* basic engineering, reflecting the thinning of order books which has been evident for some time.

While spelling out the extent of the U.K.'s deepening recession, the production trend also has unpleasant implications for the unemployment figures for some months to come at least.

If there are any crumbs of comfort to be gathered in this rapidly deteriorating situation, they are:

1—Some of the "leading indicators" used in Whitehall to spot future trends are pointing to a recovery some time in 1976.

2—The CBI's latest monthly trends inquiry suggests, in the employers' organisation's own words, "that the rate of deterioration of manufacturing activity is at least slowing."

The CBI figures (for August) show that the balance of companies forecasting a reduction in the volume of output over the next four months is lower than figures recorded in the spring and early summer. "This is true especially of the consumer goods industries."

£30m. injection for Grindlays after Brandts loan provisions

BY MICHAEL BLANDEN.

NEW CAPITAL of more than £30m. is to be injected into Grindlays Bank following further heavy provisions against the property loans of its Brandts merchant banking subsidiary.

Brandts has now set aside a total of £19m. against its property portfolio of some £90m., in addition to provisions against other lending. The extra provisions of nearly £12m. announced yesterday, together with other general provisions, have left Grindlays with a pre-tax loss of £10.35m. in the first half of the current year.

This compares with a loss of £6.64m. in the whole of the previous year. After tax Grindlays' loss rises to £15.79m. for the six months.

The new capital will be mainly in the form of medium-term loans, and contrary to earlier expectations, there will be no rights issue of ordinary shares. The arrangements were stated to have the approval of the Bank of England.

Details of the new funding and of the role to be played by the major shareholders First National City Bank and Lloyds Bank, have not been completed. Citibank, as already announced, is to bring its stake in Grindlays Bank up from 40 to 49 per cent. by subscribing for 2,366,471 new shares. This proposal now has official approval, and could provide some £5m. to £6m.

It is now intended that subordinated medium term loans amounting to about £27m. will be made available to Grindlays partly in sterling, and partly in dollars. Lloyds Bank, which holds a 41.4 per cent. stake in Grindlays Holdings (which in turn owns the rest of Grindlays Bank) is organising the arrangements for this loan.

The half-year results are dominated by the problems in Brandts, which has produced a pre-tax loss of £13.7m. and a net loss of £15.3m. The merchant bank has set aside further provisions of nearly £12m. against its property advances, following the £9.3m. provisions made in the previous year, and has allowed for a further £700,000 drop in the value of its investments.

These provisions are rather worse than the £10m. extra which had been expected, and Lord Aldington, the group chairman explained that they had been made because of "considerable further deterioration in that part of the property market with which most of these loans are concerned."

On top of these, Grindlays has also set aside a further addition of £6.5m. to its general provision, "having particularly in mind the advances within Brandts," following the £8.9m. provided in the previous year.

The chairman reports that the group's overseas operations have exceeded expectations, with a particularly good performance in the *Gulf and improved profits in* the Far East. In spite of con*tinuing losses in London opera*tions apart from Brandts, the Grindlays Bank group produced a pre-tax profit of just under £10m. in the half-year excluding Brandts and before the additional provisions, reduced to just under £3.5m. after tax.

Lord Aldington reports that the trend of London business, apart from Brandts, is improving, and that steps being taken to restore profitability in the U.K. include the containment of higher staff and associated costs, ending unprofitable services, and an improvement in the return on marginal services.

The gilt-edged portfolio has been cut by £7m. Grindlays' lending, arranged in London to the corporate sector, and to Government entities abroad is being reorganised into a new unit. "The benefit of these steps," the chairman said, "combined with the new management arrangements in Brandts, should be reflected in the accounts for the last half of 1975 and, more importantly, in 1976."

The increase in equity and resources, he commented, "will substantially strengthen the total resources of the group. It is our intention that the reduction in reserves brought about during the last year will be made good from future profits, the U.K. element of which will be free of tax up to a total of £24m."

The shares of Grindlays Holdings ended unchanged yesterday *at 41p.*

Lex—Back Page

Lawyers resolving Rank 'problem'

By David Bell and Stewart Fleming

THE RANK ORGANISATION broke its silence yesterday following persistent reports of a serious division on the Board.

Sir John Davis, the chairman, issued a statement saying that the company "will have no comment to make to the Press until the lawyers have resolved the problem." A company official declined to elaborate, but it is believed that this refers to a reported difference between Sir John and Mr. Graham Dowson, the company's chief executive.

Further details emerged yesterday about the Rank Foundation, which controls 53 per cent. of the voting shares in the Rank Organisation through several intermediate companies. According to its memorandum and *articles of association it has a* number of charitable aims, but it lists as its first objective the need "to take all such steps as the foundation may from time to time consider necessary or desirable to promote the interests of the Rank Organisation."

The foundation is a company limited by guarantee but with no share capital and its 53 per cent. of the Rank voting shares represents only 10 per cent. of the Organisation's total issued share capital. Rank has issued some 140m. non-voting shares, and it has been criticised in the past for not issuing more than its present total of about 28m. voting shares.

Lex, Back Page:
Editorial Comment Page 14

The Rank Foundation had its origins in Film Development and Research, which was set up in 1953 by the late Lord Rank to promote the development of the British film industry. In *February 1970, two years before he* died, its name was changed to the Rank Foundation and the memorandum and articles were changed with the introduction of the aim of promoting the objectives of the Rank Organisation.

Apart from this aim the foundation also seeks to promote scientific research, educational development, the development of the British film industry and other charitable causes. Its income is covenanted to two Rank charities — the J. Arthur Rank *Group Charity and the 1961 Rank* Group Charity.

Among the directors of the foundation is Sir John Davis.

It also appeared last night that institutional shareholders, whose ability to influence the situation is affected by their lack of voting power, are relying on Rank's non-executive directors to resolve the present problems.

£ in New York

	Sept. 16	Previous
Spot	$2.0885-0890	$2.1030-1040
1 month	0.66-0.60 dis	0.59-0.54 dis
3 months	1.70-1.65 dis	1.73-1.68 dis
12 months	6.00-5.90 dis	6.13-5.92 dis

Bank holdings by insurance under study

BY STEWART FLEMING

THE DEPARTMENT of Trade has written to insurance companies with significant shareholdings in banking organisations seeking information about the relationship between the company and the bank.

The Department is understood to have expressed concern about the extent to which insurance companies could be held to have a "moral liablity" to support banking associates.

It is feared in insurance circles that the letter could be a prelude to Department of Trade proposals under its regulatory powers either to restrict insurance company investment in banking groups to below the 10 per cent. level, or alternatively to restrict the extent to which *such shareholdings* can be allowed to count in assessing an insurance company's solvency.

Obligation

A number of major insurance companies have substantial investments in banking groups. The Prudential Assurance, for example, has a 27 per cent. stake in United Dominions Trust and a 17 per cent. stake in merchant bankers Keyser Ullmann which recently *announced losses of £61m. for its* financial year to March 1975. It also holds 20 per cent. of another merchant banking company Dawnay Day.

In April of this year Norwich Union embarked on a major expansion of its banking operations with the purchase for about £12m. of Anglo-Portuguese Bank, a fully-authorised bank previously owned by trusts of Sir Isaac Wolfson's family. Another important insurance company investment in banking was un*wound earlier this month when* Commercial Union sold out of its 22 per cent. stake in—and Barclays Bank acquired—Mercantile Credit.

A number of other insurance companies also have significant investments in banking companies, and it is understood that the British Insurance Association is preparing to make representations on behalf of insurance companies affected.

So far, the Department of Trade is only collecting information about this aspect of insurance companies' investment policy. It seems, however, that it is questioning the extent to which an insurance company with an investment of over 10 per cent. in a banking company is under a moral obligation to provide support for the bank disproportionate to its shareholding in the event of the bank running into financial difficulty. Clearly its anxiety stems from the events of the past 18 months during the secondary banking *crisis.*

During this period, financial institutions including insurance companies with shareholdings in banking companies have been encouraged to play a role, albeit a minor one, in supporting them.

Monitoring

There has already been an indication of the Department of Trade's concern about the implications of the secondary banking crisis for insurance companies. In June, regulations were published restricting the assets to which a life assurance policy can be linked. This regulation restricted the banks with which cash assets could be deposited.

In the meantime, the Bank of England has itself been preparing stricter regulations for its monitoring of the banking community.

There is some concern in the insurance industry however that the activities of the two departments should be properly coordinated. One question being raised is the extent to which, if insurance companies are to be in some way restricted in their ownership of banking companies, banks should be able to enter and compete in the insurance industry without restriction.

FEATURES

ON OTHER PAGES

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LOMBARD

Mixed future for the SDR

BY C. GORDON TETHER

WITH the total issue of SDRs to all intents and purposes frozen forever at a level constituting only a very diminutive proportion of the world's stock of reserves, the monetary visionaries' dream of making the new medium the central feature of the international financial system has suffered a serious setback.

But pro-gold commentators who see this as meaning that it is heading for a quick total eclipse may be disappointed. For it seems unlikely that recent developments will halt its ascendancy as an international unit of measurement, for the simple reason that more satisfactory ones are at present hard to come by.

The IMF's Special Drawing Right unit was launched, it will be recalled, when there seemed to be a possibility that, with the dollar deficit apparently running off and very little newly mined gold becoming available for official use, the world would find that insufficient international liquidity was being created to meet the extra need for it generated by the growth of trade.

It was not, of course, long before it was discovered that, far from performing the scheduled disappearing act, the American deficit was assuming bigger proportions than ever. And the annual distribution of SDRs was, therefore, discontinued at the beginning of 1973 after a three-year run, with the total outstanding still no higher than $10bn.-odd.

Doubled

The interruption was billed as temporary. But so enormous has been the creation of alternative supplies of reserves since then and so likely is this process to continue that the problem from now on is evidently going to be a surfeit of liquidity rather than the reverse.

The latest IMF count produced a total of the order of $230bn., as against a mere $90bn. or so when the SDR made its bow. And, making full allowance for the distorting effect of the devaluation of the dollar on these figures, this comparison still means that as much international liquidity has been created since the opening of the present decade as there had been previously since the beginning of time.

A new series of massive dollar deficits is partly to blame for this remarkable phenomenon. But more recently the main stimulus has come from the functioning of the mechanisms whereby the oil-producing countries' surpluses are recycled to the consumer countries. For this results in these surpluses finding expression in impressive increases in the oil countries' reserves without producing comparable falls in those of the countries recording the equivalent deficits.

There is no obvious reason why the rapid expansion in international liquidity produced by this form of double counting should come to an end in the foreseeable future. And, to cap it all, another major upswing is looming large as a sequel to the recent agreement permitting the revaluation of official gold at market prices.

Assuming the free price remains in the $145-170 per ounce range, this will result in official gold holdings being written up by some $120bn., bringing total international liquidity stock up to about $350bn.—almost four times the end-1960s level.

In these circumstances, it is clearly going to be next to impossible to make out any kind of case for the creation of more SDRs for a long time to come. And that suggests that, in one highly important sense, the SDR is never going to be able to play more than a very minor part—and a diminishing one at that—in the functioning of the international monetary system.

A 'natural'

It is, however, important not to jump to the conclusion that its fortunes will go into a decline in another sense wherein it has recently been making a bid to become an established feature of the international monetary scene—that relating to its use as a unit of measurement.

Since it was decided to evaluate it in terms of a basket of 16 of the more important currencies, there has been mounting interest in its potential as a unit of account for such international traffic as oil shipments and air fares. There have also been moves to encourage its use as a denominator in international borrowing operations.

Its appeal on this account is, of course, solely related to the fact that, in a world of widely fluctuating exchange rates, there is a great deal to be said for expressing contracts in a unit which reflects the average experience. If the SDR could not have been adapted for this purpose, it might have been necessary to create such a medium. As it was on the scene and had the Fund's authority behind it, it was a "natural" for the job.

Which means that it could well continue to prosper in this sense until such time as the world's monetary system has been reconstructed to a sufficient extent to allow gold or rehabilitated major currencies to take over.

RACING BY DOMINIC WIGAN

Kunpuu can come home at Ayr

KUNPUU, who has been out of form for much of the season, ran by far his best race since the spring when chasing home Cache Cache in Wolverhampton's Midland Cambridgeshire Handicap three weeks ago, and I believe he will prove capable of gaining the most important success of his career in to-day's £4,000 Ladbroke Holidays Handicap (3.5) at Ayr.

Fulke Johnson Houghton's handsome French Beige four-year-old ran on strongest of all in the Midland Cambridgeshire, in which he failed by only half a length to concede a stone to the winner, and although he may find this mild trip on the sharp side, I believe that his class will carry him through. The probable market leader, Stirling Castle, and Edward Hide's mount, Long Row, the winner of this event 12 months ago, may follow the selection home.

Even if he cannot land the Ladbroke Holidays Handicap with Long Row, I expect Hide to be on the mark in the Doonside Cup (3.35), in which he partners the consistent but luckless Royal Manacle from Barry Hills's South Bank, Lambourn stable.

Royal Manacle, a good fourth of 24 behind Bolkonski, in the 2,000 Guineas, has been maintaining high-class form throughout the season, and on his most recent appearance he again went close to landing an important prize when finishing third, beaten half a length and one length by Patch and Sea Anchor in the Great Voltigeur Stakes over 1½ miles at York a month ago.

A reproduction of that running ought to enable Royal Manacle, who will be ideally suited by this mile and three furlongs, to deal with Understudy, a three quarters of a length winner from stablemate, Hard Day, to whom he was conceding no less than 30 lbs over 1¼ miles at Sandown recently.

AYR
2.00—Sir Something
2.35—Airlock
3.05—Kunpuu
3.35—Royal Manacle**
4.05—Il Ruffino*
4.35—Fairgold

WINDSOR
2.30—Zarzaitine
3.00—Fiery Ring
3.30—Moreland Hills
4.00—Eagle Hill
4.30—Wide of the Mark

YARMOUTH
2.15—Strabo***
2.45—Grist Mill
3.45—Take Your Place
4.15—Bontecou

WORCESTER
3.00—Tingle Creek
3.30—Yason

If Understudy proves capable of following up that Sandown success with victory in the Doonside Cup, it seems more than likely that another Seven Barrows representative, Johnny Turner, will be put in at prohibitive odds for the Craigengillen Nursery half an hour later, in which the Realm juvenile bids to retain his unbeaten record.

Johnny Turner, who opened his account with a four lengths victory over Tien An Men at Sandown towards the end of July, had a much tougher assignment when just getting home from Vibriato, to whom he was giving 7 lbs in Haydock's Lady Hill Stakes recently.

That was a fine performance by Johnny Turner on the Lancashire track when he regained command close home after being headed a furlong and a half out, and he is sure to give a good account of himself. Nevertheless, on this occasion, I believe that the concession of 21 lbs to Il Ruffino, who ran out a comfortable winner on his debut at Kempton before putting up a respectable display in Royal Ascot's Chesham Stakes, may be beyond him.

In addition to his runners at Ayr, Barry Hills is represented at Windsor, where his two-year-old, Captive Melody, could be the answer to the Strand Selling Stakes (2.30). This bay Manacle filly ridden by that strong jockey, Robert Street, who joined Hills last year, after a long spell as a work rider for Noel Murless, was not disgraced on her most recent appearance at Pontefract. However, a slightly better prospect, to my mind, is Tony Murray's mount, Zarzaitine, a Murrayfield colt, reported to have come on a good deal since running respectably in his last race, a maiden auction stakes at Redcar in May.

At to-day's third flat meeting, Yarmouth, Strabo, a 1½ lengths runner-up to Solitary Hall in Ascot's Granville Stakes, before disappointing at York, can be the first of several winners for Lester Piggott in the Hastings Plate (2.15).

SALEROOM BY ANTONY THORNCROFT

Another dealers' walk-out

SOTHEBY'S FIRST ceramic sale of the season yesterday precipitated another walk-out by dealers protesting at the introduction of a 10 per cent. buyers' commission at the saleroom. Soon after the sale started Mr. Bernard Perret, a former president of the British Antique Dealers Association, stood up and announced that many regular buyers were leaving to mark their protest at the commission. More than 40 dealers left the saleroom.

Sotheby's said after the sale: "We accept the demonstration but we stand by our decision to impose the premium. All the art centres of the world, except America, have a premium on the buyer, which is considerably higher than 10 per cent. in some cases." The saleroom reckons that the walk-out did not adversely affect prices. The total, in a routine sale, of £18,228 was almost exactly half way between the upper and lower estimates, set months ago.

Next week the British Antique Dealers' Association and the Society of London Art Dealers are holding meetings to decide on future action. But Mr. George Levy, president of the British Antique Dealers Association, said last night: "We are hoping that between now and the week-end a formula might be found between us and the auction houses. If this acrimony continues, it can only damage the nerve centre of the market. We want things to settle down so that we can concentrate on the main problem—the Wealth Tax."

The highest price at the sale of European ceramics was the £720 paid by an English dealer for a Derby dessert service painted with landscape scenes. The price was at the very bottom of the estimate. The next highest price, £320 for a pair of Savona dry drug jars made about 1700, was way above the £80-£100 forecast.

At Phillips, which does not charge a buyers' commission, a furniture sale realised £26,770, with a top price of £1,800 for a George III mahogany secretaire chest (above estimate).

Scottish TV technicians to 'black' races

By Our Labour Staff

THREE Scottish races sponsored by Ladbrokes are to be "blacked" from independent television screens this week by Scottish Television technicians supporting workers of the Transport and General Workers Union in their long-running dispute with the betting organisation.

The three races are to be run at Ayr to-day, to-morrow and on Friday and Scottish Television was to have screened them for the whole ITN network. Broadcasting of the other races at Ayr is expected to be normal.

The Transport and General Workers Union, which plans to picket the races, had asked for the technicians' support in their dispute over recognition by Ladbrokes in the West of Scotland. In the summer, Ladbrokes dismissed 280 TGWU workers who went on strike in support of their claim for union recognition and had to close 40 shops in the West of Scotland.

GARDENS TO-DAY

Save seeds and save money

BY ROBIN LANE FOX

WHEN YOU see the price of a packet of seeds in a seed catalogue next year, you will no doubt wish that you had been less lackadaisical, left those six-day Test matches to crawl to inconsequence and saved the seeds which your own plants were offering you.

Seed-sowing is still an unexplored skill for most gardeners. When the seventh consecutive lean year of this recession gives you a season's unemployment, you could do worse than devote it to listing the dates on which worthwile plants in gardens present suitably ripened seed. The dates would vary from region to region, but even a general outline could establish itself as an essential book for gardeners of the future.

Established stock

I very much doubt if my children will be able to buy the wide variety of plants which I can buy as established stock two or more years old from nurseries. If they want a good garden they will have to join seed-swapping parties and time their visits to friends so as to coincide with their manolia's ripe season. Your list of dates would be invaluable to them.

In case you think that this is only a routine business and not a worthwhile one, I will whet your appetites with the very different possibilities which have already come my way during the past 12 months. They have come without much effort or tactical cunning. They convince me that if we took our seeds more seriously, we would save money, improve the garden and feel rather proud of the achievement. Two extreme examples may incline you to agree. I do not know the reason for their differences.

Gardening on richer and wetter soil than before, I have come to be very fond of Campanula Lactiflora. Four to five feet high, a dictionary would say, pale lavender flowers (blue to nurserymen) in abundant trusses during July, very easy and (maybe) a relation of our native harebell. That is the general idea, anyway, and there is also a charming white variety which I am tending with pleasure, available from Bressingham Nurseries, Diss, Norfolk.

No herbaceous plant is cheap and few are best in ones and twos. So prolific are this Campanula's flowers that the search for its seed might not seem difficult. But it is easily missed until you know its secret. It ripens about as quickly as the delivery period of a second-class letter. You must be on your guard a fortnight after flowering and if you do not sit back, thinking you can give its reproductive process a month or two's grace, you can reap a heavy harvest of its small pale brown seed from the open capsules.

Sown at once, if the timing suits you, they germinate very thickly. Thin them out, grow them on in the vegetable patch for a season, and then plant them in the border, preferably where they are not on dry and hungry soil. Do not root them out if they are only two feet high for the first season or so in their new home. They improve vastly when established. They do not object to shade.

If this sounds too hurried, consider, as often, the lovely Winter Sweet. In a more stable world I would rely on this shrub for the awkward function of being sent as my wedding present to friends. Married, they would usually settle in a house, and the house would have a south wall. They could put the Winter Sweet (Chimonanthus) at the bottom of this south wall, forget it and return to each other. By the time seven years had passed, they would be less preoccupied and the Winter Sweet would be ready to divert them during the bleak, bad-tempered months.

Reward of patience

A Winter Sweet takes as many years to show a flower as a marriage, in traditional wisdom, is supposed to take to become irksome. At all costs, resist the seven-year itch and never root your Winter Sweet because it has refused to flower for its first six years. This is its habit, but the scent of those watery yellow flowers and their dark maroon centres in January is worth your patience.

Life being more mobile, houses tend not to be occupied for ten years by newly married couples, so Chimonanthus is only a present for staid rural unions, tied to unsaleable acres. It is, however, expensive, up to £4 a young bush and not likely to decrease.

Its seed, curiously, is a satisfactory alternative. One would expect it only to germinate after several exposed winters, but in fact it comes up quickly, in my experience, if sown when its large pod is eventually ripe. The ripening is quite unlike the Campanula's. The flowers do not really outlast February, but the seed should not be collected until September. If you know a productive local Winter Sweet, now is the season to surprise its seed-pods. The owner will not miss them, and if you sow it at once, you will soon be seeing seedlings.

Another seasonal saving is the seed of the conspicuous Summer Hyacinth, or Galtonia Candicans. I am always needing more of this useful August-flowering bulb whose tall stems are set thinly with white flowers, rather like a hyacinth's; they are also like a softer and sparser sort of Yucca. They fill the gaps and hide those early summer flowers which die and leave a hole in a flowerbed. They improve a new border when new borders otherwise look so dreary that friends wonder why you ever bothered to make them.

Admittedly this dry summer has not suited their taste for deep rich soil, so this is not a good year in which to judge them. But you can still beg some of their firm black seeds from a friend who has not read this paragraph and thinks that they will take years to develop into bulbs. The Summer Hyacinth germinates in a deep pot like some fleshy onion and grows on as easily as seedling regale lilies, the supreme saving for gardeners who know their seeds. When the bulbs of a Galtonia are over £1 for 10, the effort to enjoy a hundred for three evenings' work is worthwhile.

Two warnings, though, and an encouragement before you go out with a packet of brown envelopes and set about seed-saving. It is pointless to save seed from the many modern varieties of annuals or vegetables which are described as F.1. Hybrids: many Petunias, beans and Brussels Sprouts are now of this nature. They will not come true from saved seed, as the parent cross has to be repeated in order to produce a fresh crop. Naturally this favours the seedsman, so you will not be surprised by the expansion of F.1. hybrids through seed catalogues.

Nor is it worth saving seeds from selected strains of annuals, let alone from particularly well-coloured specimens. These strains depend on the ruthless exclusion of the second-rate companions which try to intrude on them. Leave one mediocre Nasturtium in your group of Golden Gleam and the like, and you will find that the gleam is less golden another year. Varieties sold as "ordinary mixed" (poppies, Echium, Salvia with coloured bracts) are a more suitable harvest.

Do not despair

The encouragement is not to despair and leave it all to the ant. Whatever I may romantically write about ants and the seeds of cyclamen and primroses, there is no doubt that your harvesting will make a better job of increasing the colours of these and other wild flowers. Naturalisation is a process of fierce competition and wastage, and however much the ant may be the envy of the industrial manager or the political theorist, horticulturally there is little doubt that the clumsy hand of the gardener is still a more efficient agent.

Radio

† Indicates programme in black and white.

BBC 1

12.55 p.m. News. 1.00 Pebble Mill. 1.45 Camberwick Green. 3.58 Regional News (except London). 4.00 Play School. 4.25 Roobarb. 4.30 Jackanory. 4.45 The Mole. 4.50 These Are the Days. 5.10 John Craven's Newsround. 5.20 Golden Hair. 5.40 The Wombles. 5.45 News.
6.00 Nationwide.
6.55 It's a Knock-out.
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 I Didn't Know You Cared.
9.55 Sportsnight.
10.45 To-night.
11.20 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Llon a Llwyd. 5.20-5.45 Bam-bwl 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 7.20-8.10 The Wonderful World of Disney. 9.55-10.45 Soccer. 11.20 News and Weather for Wales.

Scotland—6.00-6.55 p.m. Reporting Scotland. 9.55-10.45 Sportscene. 11.20 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 9.55-10.45 Soccer (Linfield v. Eindhoven). 10.45-11.15 Spotlight on what matters to people in Northern Ireland. 11.20 Northern Ireland News Headlines.

England—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

6.40 a.m. Open University.
9.50 Nai Zindagi Naya Jeevan.
10.15 Liberal Party Assembly 1975.
11.00 Play School.
11.25 Liberal Party Assembly—12.30 p.m. Morning Report (round-up of the debates) and 2.15 Coverage of the afternoon's session.
5.00 Open University.
7.30 Newsday.
7.45 Barry White at the Royal Albert Hall.
8.35 Carved in Ivory.
9.00 The Accursed Kings.
10.50 Electric Folk with Steeleye Span.
11.25 Newsnight.
11.45 Closedown: Michael Gwynn reads "Hurry Up Please It's Time" by Edwin Brook.

LONDON

10.30 a.m. The 21st Century. 10.55 "Carry On Cruising," starring Sid James, Kenneth Williams and Liz Fraser. 12.20 p.m. The Houndcats. 12.40 Rainbow. 1.00 First Report and Liberal Party Assembly. 1.30 Lunch-time To-day. 2.00 Good Afternoon. 2.25 Racing from Ayr. 2.45 Liberal Party Assembly. 3.15 Racing from Ayr. 4.25 Michael Bentine's Potty Time. 4.50 Shadows. 5.20 Out of Town.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Survival.
7.30 Coronation Street.
8.00 Billy Dainty Esq.
9.00 Laugh? . . . I Could Have Cried.
10.00 News.
10.30 The Wednesday Special.
†11.30 The X Film: "Macabre."
12.50 a.m. My Song is Freedom.

All ITV Regions as London except at the following times:—

ANGLIA

1.50 p.m. Anglia News. 2.00 Houseparty. 5.20 Arthur. 6.00 About Anglia. 11.30 The Big Question.

ATV MIDLANDS

1.50 p.m. ATV Newsdesk. 5.20 ATV Today including Junior Police Five. 6.00 ATV Today. 11.30 Orson Welles Great Mysteries. 12.00 Dr. Jane Gray.

BORDER

†1.50 p.m. Border News. 6.00 Border News and Lookaround. 11.30 The Protectors. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Circus. 6.00 Channel News. 6.10 The Houndcats. 11.30 News and Weather in French followed by Epilogue.

GRAMPIAN

1.50 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.00 Top Club. 11.30 Police Newsroom. 11.35 Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.25 Cartoon. 10.35 The Galloping Gourmet. 11.00 Liberal Party Assembly. 12.00 Here Comes the Future. 12.25 p.m. Hammy Hamster's Adventures on the Riverbank. 1.50 This Is Your Right. 5.15 Take Kefr. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Movin' On. 11.30 Music for Guitar. 12.00 Theatre Macabre.

HTV

1.50 p.m. Report West Headlines. 1.55 Report Wales Headlines. 2.00 Houseparty. 5.20 Smith and Friends. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 The Magician. 11.30 Sounding Brass.

HTV Cymru/Wales—As HTV General Service except:—1.50-1.55 p.m. Penawdau Newyddion y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mwy. 6.01-6.18 Y Dydd.

HTV West—As HTV General Service except:—1.50-2.00 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.50 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Babar. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Chicago Teddybears. 11.30 Late Call.

SOUTHERN

11.00 a.m. Come Golf With Me. 11.30 Wait Till Your Father Gets Home. 11.55 How to Win on the Horses and Still Lose Money. 12.30 p.m. Hammy Hamster's Adventures on the Riverbank. 1.50 Southern News. 2.00 Houseparty. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day. 11.30 Southern News Extra. 11.40 Three Card Trick.

TYNE TEES

12.35 p.m. Starting Point. 1.50 Lunchtime News and Lookaround. 2.00 Women Only. 5.20 Wait Till Your Father Gets Home. 6.00 To-day at Six. 11.30 Late News Extra. 11.35 My Song is Love.

ULSTER

11.00 a.m. Liberal Assembly. 1.50 p.m. Lunchtime. 4.23 Ulster News Headlines. 6.00 UTV Reports. 11.30 The UTV Profile.

WESTWARD

11.00 a.m. Liberal Party Assembly. 12.00 The Master Chefs. 12.15 p.m. The Tomfoolery Show. 12.30 Gus Honeybun's Birthdays. 1.50 Westward News Headlines. 5.20 Circus. 6.00 Westward Diary. 11.30 Westward Late News. 11.35 Faith for Life.

YORKSHIRE

1.50 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar. 11.30 Ski-ing with Gina.

RADIO 1 247m

(S) Stereophonic broadcast. [illegible] As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 5.00 Newsbeat. 5.15 Anne Nightingale reviews the latest sounds. 7.00-12.33 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.03 Jimmy Young (S). 11.55 House (S) [illegible] Pete Murray's Open House including 10.30 Waggoners' Walk. 12.15 Jimmy Young (S). 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 [illegible] 7.30 How the West was Sung (S). 8.02-9.30 (1500m only) European Soccer Special. 8.02-10.00 VHF [illegible] 10.00 when 1500m joins Wally Whyton's Country Club. 10.02 Sports Desk. 10.05 Jean Challis (S) with Music Through Midnight and 12.00 News. 12.31-12.33 News Summary.

RADIO 3 464m, Stereo & VHF

† Medium Wave only. 7.00 a.m. News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Monteverdi (S). 9.40 Recital: Organ Music (S). 10.30 Music Making (S). 11.35 John Dowland (S). 12.15 p.m. Smetana, Tchaikovsky and Dvorak concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.50 Faure (S). 2.55 New Records (S). 4.10 Debussy, Hamilton, Brahms (S). 5.00 Choral Evensong. 5.45 Homeward Bound. 6.05 News. †6.10 Homeward Bound (continued). †6.30 Study On 3. 7.30 Proms concert, part 1: Ravel, Mozart (S). 8.25 The Arts Worldwide. 8.45 Proms concert, part 2: Bridge, Britten, Mozart (S). 9.45 The View from Strawberry Hill. 10.35 Night Thoughts. 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m. 6.10-7.30 p.m. and 12.00-1.00 a.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer For The Day. 6.45 Today, including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today, including 7.27 Sportsdesk, 7.35 Today's Papers, 7.45 Thought for the Day, 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today, including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 The High Window. 9.00 News. 9.05 The Living World. 9.35 Parents and Children. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Round Britain Quiz. 11.30 Thirty-Minute Theatre (S). 12.00 News. 12.02 p.m. You and Yours. 12.27 Forces' Chance. 12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Mysterious Dame Agatha (birthday tribute to Dame Agatha Christie). 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Whatever Happened To The Likely Lads? (S). 6.45 The Archers. 7.00 News Desk. 7.30 It's Your Line. 8.30 All The Queen's Men. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Ten Years After. 11.30 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In including 12.45 London News Desk. 2.03 206 Showcase. 4.03 In The News. 4.32 Home Run including London News Desk at 5.00 and 6.00 p.m. 7.03 In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.33 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

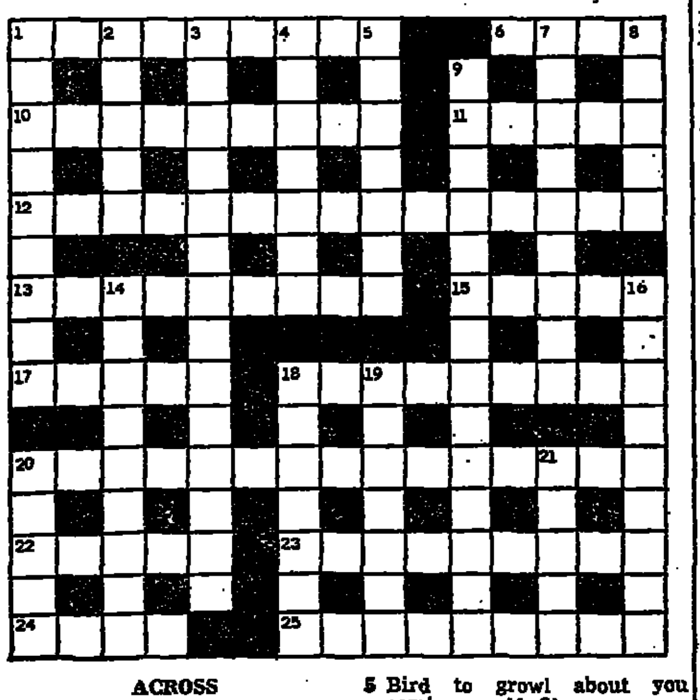
6.00 a.m. "A.M.": breakfast-time news show with interviews, traffic, and travel service plus sport. 10.00 George Gale—talking to London. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo. 9.00 Love in London. 1.00-5.30 a.m. Nightwatch—News every half hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,882



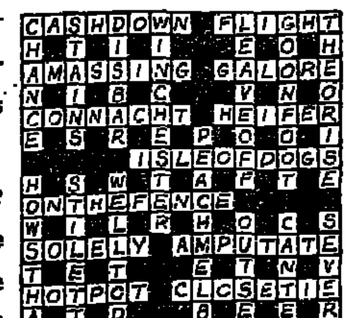
ACROSS

1 Waif discovered fish (9)
6 A book of plays (4)
10 A small figure and French in law (9)
11 Time to be strained (5)
12 Gathering courage and becoming hard? (8, 7)
13 I left politician being niggardly (9)
15 Get off with a bit of a cat lick (5)
17 Young fish always left inside (5)
18 Head-dress I match excellently (9)
20 Just pipped, or flogged at the stake (6, 2, 3, 4)
22 Left part of the church to fall from the faith (5)
23 Actor and I, great in reformation (9)
24 Small old penny for unwanted plant (4)
25 Chant in clothes or bandages (9)

DOWN

1 Kitchen utensil for cod steak? (4-5)
2 Employment for us before time (5)
3 Like Mr. Smith-Brown's name —not just one big bore (6-8)
4 One who chants in unusual tenor (7)
5 Bird to growl about you coming up (4, 3)
7 Sympathetic and suitable to one's taste (9)
8 She gets left foot on ledge (5)
9 Take a walk—on the rack? (7, 3, 4)
14 Like fruit, e.g. tomotato (4-5)
16 Scales pitches and they are partly arch (9)
18 Plotted to have tea with Edward (7)
19 Soup vessel starting to get old (7)
20 Be depressed and underneath (5)
21 Vegetable I get on with—before and after (5)

Solution to Puzzle No. 2,881



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Tue. 6.30 Don Carlos; Tomor. 7.00 Der Rosenkavalier; Fri. 7.30 La Belle Helene; Sat. 7.30 Madam Butterfly.

COVENT GARDEN. [illegible] THE ROYAL OPERA [illegible]

NEW VICTORIA. [illegible] LONDON FESTIVAL BALLET [illegible]

SADLER'S WELLS THEATRE. [illegible] THE ROYAL BALLET [illegible]

THEATRES

ADELPHI THEATRE. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible]

AMBASSADORS. [illegible]

APOLLO. [illegible]

ARTS THEATRE CLUB. [illegible]

CAMBRIDGE THEATRE. [illegible]

CHICHESTER. [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE THEATRE. 437 1592. BEST PLAY OF THE YEAR. Evening Standard Drama Award. RONALD PICKUP in THE NORMAN CONQUESTS by ALAN AYCKBOURN. LIVING TOGETHER Today 3.0 [illegible]

[illegible]

THEATRES

REGENT. 323 2707. Evenings 8.30. Fri. and Sat. at 7.00 and 9.15. 2nd YEAR OF SENSATIONAL STAGE SHOW OF THE 70s LET MY PEOPLE COME. AN ADULT MUSICAL. [illegible]

ROYAL COURT. [illegible]

ST. MARTIN'S. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible]

SAVOY. [illegible]

SHAFTESBURY. [illegible]

SHAW. [illegible]

STRAND. [illegible]

TALK OF THE TOWN. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. [illegible]

WINDMILL THEATRE. [illegible]

WYNDHAM'S. [illegible]

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. [illegible]

CAMDEN PLAZA. [illegible]

CASINO. [illegible]

CURZON. [illegible]

EMPIRE. [illegible]

LEICESTER SQUARE THEATRE. [illegible]

[illegible]

CINEMAS ARE CONTINUED ON PAGE 4

هكذا من الأصل

Television

The half-open door

by CHRIS DUNKLEY

Sir Hermann Bondi, David Frost, and an unemployed man from Ellesmere Port (whose name I never quite caught) all appeared on television last weekend doing the same thing: discussing the state of the nation. They appeared in three programmes which could hardly have contrasted more startlingly if someone had set out deliberately to caricature the various types of current affairs discussion on television: Sir Hermann in the last of the *Jay Interview* series on London Weekend; Frost in the first of a new series called *We British* on BBC2; and the unemployed man in the last part of a week-long "rolling access" experiment on BBC2 called *Open Door Forum*.

Having frequently demanded more talk programmes of an intelligent sort on television and having been interested in the idea and the possibilities of "public access" programmes ever since hearing about certain Canadian experiments and *Catch 44* on WGBH Boston in 1971, it would be difficult for me to do anything but welcome the initiatives of John Birt and Peter Jay at LWT, and of Paul Bonner and his team at the BBC.

I do welcome them. But telling the truth as I see and feel it (which I take to be the primary function of the critic) I also have to admit that of the three programmes the most successful was also the most conventional — *We British* — which consisted of the ever more mid-Atlantic Frost eliciting a very small number of opinions from a large studio audience, and a large number of opinions from his three VIP guests. It is a format which will be only too familiar to anyone who has watched television for more than about half an hour at any time during the last 10 years and, if I understand the producers of *Open Door* and *The Jay Interview* correctly, it was at least partly as a reaction against the conventional talk programme of this sort that their series were started.

Certainly *The Jay Interview* series seemed to be a studied attempt by Birt and Jay to practise what they have been preaching recently which is that current affairs television must break away from the compartmentalisation of subjects (as they see it) and help viewers towards a broader and more coherent understanding of issues. During the last six weeks Jay has spent 50 minutes on screen with each of five "distinguished thinkers"—Professor Bernard Williams, Sir Hermann Bondi, Professor Ralf Dahrendorf, Professor James Meade, and Sir Isaiah Berlin — discussing the future of life in Britain.

In the final programme on Sunday Bondi, Dahrendorf and Williams endeavoured to sum up the problems we face and our hopes of overcoming them. The conclusion from Professor Dahrendorf, who happened to speak last, was that we do have the potential to overcome our problems, but that success depends upon a careful reassessment of our popular assumptions and our major institutions. That much I took in. A great deal of the rest might just as well have been spoken in code for all it meant to me, and I take leave to doubt whether this is simply an indication of my unusual stupidity. On the contrary, I am sure that the unusual viewers were those who did understand all of it. My guess is that there were so few that it would have been cheaper for LWT to have treated all of them to dinner at the Savoy every Sunday evening for six weeks with Peter Jay and the five speakers rather than show the programmes on television.

This is not to say that the series should never have been attempted. It is to say that lacking men of the semantic genius of—say—Bertrand Russell who could express the most complicated ideas in simple language, an interviewer/chairman was needed whose function and purpose was to elucidate and to clarify rather than to lead the speakers, as Jay seemed determined to, into ever greater depths of complexity. At the level he was intent upon maintaining I, for one, felt a need to be working with the written word in order to be able to re-read and check phrases at frequent intervals. A throw back to the print culture in which I was nurtured, no doubt, but nobody can alter his origins.

(Nor was it just the problem of needing to cover some areas twice to reach a proper comprehension; occasionally sheer mishearing could be crucial. Talking about the continuing significance of the nation-state Dahrendorf used one phrase which I have not identified yet: it could have been national spaces, nationalist basis, or nationals' places.)

Open Door Forum on the other hand seemed to be crying out for a Peter Jay to lead the participants onto a level of discussion beyond that of "Yah boo sucks to you," although the use of such a chairman would be a denial of everything that *Open Door* is supposed to stand for. When "public access television" was still only an embryo in North America, Frank Gillard described it as: "The nearest thing yet to genuine citizens' television—live and sincerely opinionated, virtually unrestricted as to topic, fundamentally untouched by professional hand, unfiltered by management, editor, reporter, or imposed chairman, unfettered by any rigid format, at times raw, clumsy and embarrassing, but a strikingly authentic form of electronic democratic communication."

The trouble with *Open Door Forum* was that the spirit of that original idea was completely forgotten, and the result was the worst of all worlds: programmes which lacked not only the discipline, the polish and the coherence of the professional product but also the spontaneity, freedom and freshness that one might have expected from non-professionals.

The BBC's Community Programme Unit chose the five "unheard voices" (the unemployed from Ellesmere Port, middle class ladies from the National Council of Women in Nottingham, blacks in Kentish Town, members of the Naval and Military Club, and Yorkshire miners and their wives); the BBC chose the conventional discussion format and gave a broad outline of the subject; the BBC showed the preceding programmes to each successive group to give a starting point—hence "rolling access"; the BBC supplied the money and the equipment (the little that was used); and with ghastly though apparently unconscious irony the BBC even provided the coin which was spun on the sixth night to decide on an amateur chairman for the final programme in which representatives from all the previous programmes came together to "search for common ground."

Having found themselves—inevitably, given the structure of Open Door Forum—involved in making a pale carbon copy of the professional broadcaster's conventional discussion programme, these laymen were deprived of the very things which make such programmes watchable: a professional chairman, access to film and cameras for illustrations, and a budget big enough to allow for the preparation of excess material prior to editing into a coherent final programme.

In the end what the viewer experienced (and television is, after all, meaningless without viewers) was five sets of foreseeable prejudices among which—sure enough—there turned out to be no common ground when the protagonists finally got together. The only unexpected thing was the enormous strength of class feeling and class hostility which emerged.

While *The Jay Interview* supplied far too rich a mixture for television, *Open Door Forum* supplied one that was much too weak, so there is no very great virtue implied in my claim that *We British* was the most successful of the three. Editor of the series is Donald Baverstock, the man who had so much to do with the original *To-night* programme and *That Was The Week*. It would be very interesting to know whether it was his idea to have Frost deliver to camera a monologue detailing the exact manner in which Britain might collapse into total chaos, complete with dates for each successive stage in the fall. After so many vague forecasts of anarchy and disaster it was fascinating and—however paradoxical—refreshing to hear a specific suggestion of the precise form this might take.

The following discussion with Jo Grimond, Lord Armstrong and Professor Hugh Trevor-Roper was neither the most profound nor the most exciting that television has ever screened. Nevertheless Grimond's waspish comments were as usual worth listening to and well worth thinking about, and the pre-echo effect of Trevor Roper's conclusion—that defeat of our problems depends on re-assessment and overhaul of our major institutions — was quite uncanny for those who promptly switched to Dahrendorf on *The Jay Interview*.

There's a lot to be said for boring old professional programmes from boring old professional broadcasters. They can often communicate successfully to masses of people, and in a mass communications medium such as national broadcast television that is nothing to be ashamed of . . .

St. Augustine's Kilburn/Radio 3

Tye to Tippett

by GILLIAN WIDDICOMBE

Excellent programme notes, for Monday's choral Prom at St. Augustine's. The writer, Nicholas Kenyon, guided us through Tye's Mass *Westron Wynde*, to liturgical settings by Britten and Tippett, without forcing the conclusion that any tight common thread or tradition binds them. The case can be made, but not using the works chosen for this programme. Britten's setting was the cool, cheerful and ingenious little *Missa brevis* for boys' voices supported by organ; and from Tippett, splashy, virtuoso settings of the Magnificat and Nunc Dimittis, plus the amiable burbling of the short sonata for four horns.

Tye's Mass was the evening's stronghold. In 16th century terms, the style is archaic in some of its contrapuntal features and especially in those disjointed harmonies which pinch crucial cadences such as "domini", in the Benedictus, "peccata mundi" in the Agnus Dei; and a strange long sequence closing "et expecto resurrectionem." Ironically, it is these twists that seem more startling than the smoother harmonic features which in Tye's time seemed modern. Smoothly, and purely, with good intonation, the Mass was sung by George Guest's Choir of St. John's College, Cambridge.

Purcell and Locke appeared as stepping stones. Locke's *Music for His Majesty's Sackbuts and Cornetts* was transposed on to modern brass instruments (Alan Civil's Ensemble) and sounded—as such slim, dance-based movements tend to—rather trite in this context, though the ring of brass brightened the evening. Purcell's *Funeral Sentences* were fascinating, not least as they are better known by their inclusion in Croft's romanticised 18th century setting of the burial service, and in Purcell's own re-working for Queen Mary's funeral. On Monday we heard not Purcell's later version, but an earlier revision of the original settings, featuring solo voices, with rising chromaticisms, and angular cadences. The starkness here is not unlike that in the most famous solo setting of Donne's *Hymn to God the Father* by Pelham Humfrey, Purcell's teacher.

Erté: Lady with rose, 1974

...trum Gallery

Erté

by ANTHONY CURTIS

...e femine body," says the ...r Erté who has just pub... his autobiography *Things ...member* (Peter Owen, ... at the age of 83, "is ...ally a malleable entity ... fashion moulds in its own ... He even moulds it ex...antly to form the letters of ...n name: the Es are made ...pale angels one kneeling, ...pright their stiffly folded ... outstretched, the R is a ...itful naked lady with a ... of pink hair that billows ...hind her in a curve to her ... and the T is a coy semi... arms in the air holding a ...hat hides her face. The ...ial Erté drill positions are ...re.

... the Gallic-sounding name ...ricated too. It is derived ... *the initials of his original* ... Romain de Tirtoff with ... he was christened in 1892 ... Petersburg. He was born ...e Imperial Navy School where his father was Director of Naval Engineering. "Yet despite this solid military background," he writes, "I have always hated everything connected with war and violence." By the time he left Imperial Russia for Paris in 1912 he was fully steeped in the worlds of theatre ballet and opera: that naval father was a gifted amateur musician and a friend of Rimsky-Korsakov.

Erté unfolds the story of his career with the same fantastic loops and twirls, the same exactitude and attention to minutiae that we find in his designs. In Paris he found employment with the revolutionary dress-designer Poiret, the man who first abolished the waist, and the association lasted long enough for Erté to form his own distinctive manner. From this point on he sailed through the years enjoying one triumph after another: in journalism Harper's Bazaar clamoured for his cover designs, in the theatre the costumier Max Weldy signed him up at the Folies Bergère thus first tapping a talent that has embraced romantic comedy, operetta, music-hall, revue, cabaret, and has always left a dazzling stamp of its own.

Erté was in London last week to launch his book and there were people lucky enough — unfortunately I arrived at the party too late for the privilege —to shake hands with a man who has designed costumes for Mata Hari, Mistinguett, and dozens more legends.

He is still hard at work. There are lithographs and serigraphs at the Electrum Gallery that date from the 1970s and they are stylistically of a piece with a small retrospective collection of drawings and jewellery shown there. They cover more than half a century of dedication to the ephemeral. The exhibition remains open until October 11.

...Maltings

Sacred and Profane

by GILLIAN WIDDICOMBE

...91 received its first per...nce at Snape on Sunday's ... evening. It is a neat, ...ive, charming 16-minute ... of eight medieval lyrics ...e group title *Sacred and ...e* for the five voices of ...ilbye Consort, conducted ...er Pears.

...e are Britten's first ...mpanied vocal settings in ...rs—which is an astonish...ct, if one reflects how ...fully the austerity of solo ...ental writing has suited ... the oboe *Metamorphoses*, ... the three suites for solo ... Of course Britten has ... *a capella* writing, but ...ily for special effects and ...ts; and it seems likely ...e prospect of an entire ...ithout accompaniment has ...usly appeared rather dull ...—both as a technique and ...acticality. The recent ... catalogue (published ... by past and present ...s, Boosey and Faber) ... only two unaccompanied ... settings of substance—the ...ite choral variations of ...*Boy was born*, and the ...ate *Hymn to St. Cecilia*, ...; and in the secular cate...nly the ten-minute part-songs, *Five Flower Songs*, of 1950. Even Britten's folksong arrangements add piano. And even when the support and colour are very light indeed, the piano's balance and shading account for an unusually important, and artful, aspect of Britten's word setting.

But Britten has evidently enjoyed himself with the discipline of unaccompanied SSATB setting, for the eight madrigals of *Sacred and Profane* suggest a concision and brightening of the imagination. Each setting is roughly two minutes in duration, its atmosphere bold and clean; no note or breath too long. Britten returns to simple madrigalian devices with supreme confidence and dexterity. The first is a broad setting of "St Godric's hymn": a simple C Major arch, it seems; but lightly spiced, quietly affecting. The second, a fast humorous song, with a devilish ostinato for two sopranos ("Fowles in the frith, the fisses in the flod"—good practice for wispy diction), over a typical Britten ninth, stretched out like a ground by bass and tenor.

The third song, "Lenten is come," reminds me of the similarly light, gay "Spring Carol" in *Ceremony of Carols*—this is by no means the first time that Britten has found distinct inspiration in the vowels and cadences of medieval English. The fourth song, "The Long Night," is minor and fugal; the fifth, a close harmony, plain rhythmic setting with a slow, difficult soprano descant. The sixth shows Britten's familiar sense of humour, with a teasing, pattering parody song inquiring what the maid was doing alone on the moor—and concluding, in best madrigal tradition, that it was a case of "the rede rose and the lilye flour." Incidentally, Britten's texts are from Faber's anthology of *Medieval English Lyrics*, with occasional obscurities changed but quite a few remaining.

Song seven, a sacred one, reverts to Britten's habit of walking down the scale. (And in general the harmonic language used in these settings is milder than in recent works for voice and piano.) The eighth is the most deliberate character song, with stuttering lines, quavering rhythms, and an explosive glissando ending. Translated, we find Britten's Op. 91 closing with the antique version of "When I'm dead and buried, I shan't give a damn!"

Round House/Radio 3

Matrix

by DAVID MURRAY

The late evening instalment of Monday's Prom brought a slightly sleepy audience to the Round House to hear Matrix, Alan Hacker's team of clarinets-and-friends. Since it is four years old, Matrix cannot be called an *ad hoc* group, but its repertoire — not surprisingly — has a distinctly *ad hoc* flavour, built around specially commissioned pieces and arrangements. We had several of the latter on Monday. The only substantial one was of Janacek's *Rikadla*, or *Children's Rhymes*, a characteristically quirky and endearing set of eighteen nonsense verses. Janacek himself produced three drafts of the work, but Mr. Hacker's new multi-clarinet translation falls between two stools: too fat to make the sharp black-and-white impression of Janacek's versions with piano and one other instrument, less colourful than the best-known version with chorus and a bizarre little chamber group. Jane Manning sang the rhymes with the right verve.

Miss Manning figured prominently in the other longish works. Simon Bainbridge's *People of the Dawn*, receiving its première, gave her increasingly florid *melismata* over a discreet susurration of clarinets, drums and piano, and at last sent her warbling off into the outer reaches of the Round House. In effect the piece is a long vocalise, the sort of thing at which she is a past mistress, graced with echo-duets with Mr. Hacker's lead clarinet: innocently attractive, but so specifically a Matrix commission that the weight of Mr. Bainbridge's contribution was hard to judge. (He has a viola concerto to be performed next year.) The text consists of Navajo words. Whatever the composer's ethnological intentions may have been, they were not clarified by the cautious perambulations assigned to Miss Manning, passing up and down stairs with score tight in hand: it looked like a rehearsal for some future performance.

Though Bainbridge is also a clarinettist, Harrison Birtwistle's *La Plage*—written for Matrix in 1972, the year of his massive orchestral elegy *The Triumph of Time*—exploits the sound of the group far more richly. Its eight short sections, all exceedingly slow, create a potent stillness, the softly clashing clarinet tones turning over like plumes of pastel suspended in liquid. Here Miss Manning was *prima inter pares*, humming like another and stranger clarinet, becoming articulate only to sing the lines of the children in the Robbe-Grillet "snapshot" text on which the music is founded. The players were a little less persuasive in Mozart's Adagio K. 411 for clarinets and basset-horns, where impatience with its classical serenity could be detected in some hurried semiquavers. A pity: scarcely any other piece seems so predestined for the Matrix.

New Victoria

Prodigal/Napoli

by CLEMENT CRISP

About Paul Clarke. It is 18 months since Barry Moreland's rag-time Prodigal burst upon us, with his tap-tap-tapping feet and his indomitable charm, and I have seen Paul Clarke dance the role half a dozen times. Each time the vivacity and whole-heartedness of his characterisation have impressed me: each time it seems that Mr. Clarke has preserved intact his freshness of inspiration and dedication to the matter in hand.

And on Monday, as ever, his performance evoked complete admiration for its verve and untiring muscular alertness. But there is now something more to his presentation: experience in the role has pared away every excess, and his playing has that masterly clarity and directness that one associates with the most assured artists in the theatre—Noh actors, or Fonteyn as Odette, or the single telling brushstroke of movement that we see with the great Music Hall entertainers like Hetty King. The economy of Mr. Clarke's wit in the army scenes that close the first half of *Prodigal Son* is superb, with not a point lost, not a gesture over-played; and there is now something darker, unhappier in the moments of disillusion, as when he examines his empty pockets after being gulled in the Dance Hall.

It is, in effect, a beautiful performance, and one of the most remarkable pieces of dancing to be seen in London to-day. Very much the same qualities are also to be appreciated in the playing of Patricia Ruanne and Kenn Wells as the temptress and the Satan-figure of the ballet: Festival Ballet has every reason to be proud of these artists.

In the preceding *Dances from Napoli* there was also a lot to commend in the dancing of Elisabetta Terabust and Patrice Bart, who are entrusted with the un-Neapolitan pas de deux from *Flower Festival in Genzano*. To this they bring a great deal of bounding charm, and an air of sweet sincerity that is eminently right for Bournonville. The style may be foreign to them, but they compensate for a certain lack of Danish nuance with something that Bournonville himself valued in dancing: a sense of joy. Both artists are clean and fresh in utterance and without affectation: they can bounce and sparkle—as Bournonville dancers should—and the dances look, in consequence, happy. We should not ask for more from performers who are not Danish by training.

Elizabeth Hall

Shusha

by ANTONY THORNCROFT

For some time now Shusha has been teetering on the brink of great success. She has enviable assets—an exotic voice, a sweet personality, a musical experience stretching from French medieval love songs to Ella Fitzgerald, and an intriguing ethnic background: she is Persian. Yet her hard work touring the country has yet to achieve the real breakthrough.

Her London concert on Monday showed that she can pack a sizeable hall with sympathetic supporters but still fail to achieve take off. Perhaps she is trying too hard. Shusha was surrounded by eight musicians playing everything from congas to saxophone and really she is at her best alone with the guitar, allowing her personality to make the contact.

She could also prune down some of her musical sources—the best songs are the traditional Persian and the folk-rock of Bob Dylan and John Prine. Too much eclecticism is bad for the system. But with a little more fire and more confidence in her own grip on an audience Shusha could become the contemporary chanseuse the U.K. has lacked for so long.

Korean concern at Kori power station delays

BY CHARLES SMITH, FAR EAST EDITOR SEOUL, Sept. 16.

WORK ON Korea's first nuclear power station, which is being built by a consortium of Westinghouse, U.K. General Electric and George Wimpey, is running seriously behind schedule, and the Korean authorities responsible for the project have expressed their "concern" to Mr. Peter Shore, Britain's visiting trade minister.

Mr. Shore, who was at the power station at Kori on Monday, was told that work might not be completed until September, 1977, about 21 months after the originally scheduled finishing time.

A spokesman for Korea Electric, the local partner of the Westinghouse-GEC consortium, said delays in the delivery of a generator by GEC and quality failure by a U.K. sub-contractor were to blame for the delay. Other sources on the site, however, said the problems which had held up work at Kori were more complex.

There have been difficulties in "dovetailing" the U.K. and U.S. portions of the Kori design into a working whole. Westinghouse is accused of coming up late with "design criteria" for use by GEC, and GEC is alleged to be taking its time over the delivery of some additional items of equipment needed to complete the station.

In Britain, GEC—subcontractor to Westinghouse on the project—denied this, saying it was putting an extraordinary effort into reducing the delay. The generator was not a delaying factor, since it would be erected before the rest of the reactor was ready. GEC was very conscious of the trading opportunities involved in Korea's rapid industrialisation. Other sources stressed that 21 months is well below the average delay for atomic power station construction in most countries.

Kori is a $292m. project in which the U.K. share amounts to about $92m. (measured by the size of the credits involved) with $81m. coming from the U.S. and a further $121m. from Korean domestic sources. The U.K. contractors are likely to have to pay maximum penalties for delays in the project, although possibly not until after international arbitration.

Signs of a serious slowing down at Kori began to appear late last year when stainless steel tubes ordered from a subsidiary of Tube Investments were found to be (in the Korean words) "far from standard acceptability."

Second project

Early in 1975 it was agreed to put the completion deadline for the project forward from the end of this year to February, 1977, but the Koreans are now openly doubtful whether that can be met and there is a possibility even that the project may run on after September, 1977.

The Kori power station will have a pressurised water reactor with a 595 MW capacity, and is expected to be the first of two power stations built on the same site. The U.K.-U.S. consortium will almost certainly be a candidate for the Kori II project, assuming that credit is available from Britain and the U.S. to back the project.

The snags over Kori have probably not been serious enough to disqualify the consortium, although the Koreans are sounding bemused and upset by the situation. A two-year delay in the commissioning of a major power station can be a serious problem for a country enjoying as rapid a pace of industrial growth as Korea has in the past few years.

Asked about the Kori problem by Korean journalists this morning, Mr. Shore said power installation in Korea "inevitably" raised problems of unusual difficulty. He added that Lord Nelson, chairman of GEC, had recently paid a visit to Korea to help sort out the situation.

In the meantime, the British Government was prepared to do everything in its power to help the companies concerned speed up completion of the project. About 80 British engineers are currently working at the Kori site, and the Korean Government has paid tribute to their efforts in sorting out teething problems.

Before he left to-day for Japan, Mr. Shore said he had had very "useful" talks on trade expansion and economic cooperation with President Park Chung-Hee and other South Korean officials and business leaders.

Britain's possible participation in a proposed Korean naphtha cracking centre on the southern coast was among projects he discussed when he met with his Korean counterpart, Mr. Chang Yie-Joon.

Japan may supply $1bn steel pipes to Canada

TOKYO, Sept. 16.

NIPPON KOKAN KAISHA said to-day that representatives of five major Japanese steel mills would leave for Canada on Sunday to study specifications of steel pipes and plates which the Canadian Arctic Gas Pipeline Company plans to buy from Japan.

NKK stated that the Canadian concern was offering to buy about 1m. tonnes of steel pipes and 500,000 tonnes of steel plates, worth $1bn. from Japan. They would be used for a 2,600-mile pipeline to carry Arctic natural gas from the north coast of Alaska and Canada's Mackenzie Delta and Beaufort Sea area to southern Canada.

Reuter

Poland to use Pilkington glass system

By Kenneth Gooding, Industrial Correspondent

POLAND is to become the 16th country where glass is made by the "float" system developed by Pilkington Brothers of the U.K.

Apart from the usual once-and-for-all payment and licence fees, Pilkington will also have some technical involvement in setting up the new float glass plant planned for Poland.

It has already been agreed that Pilkington will supply some of the first bath equipment and the group has put in tenders for the provision of both the furnace and the warehouse facilities.

The new plant will be of medium size by current standards and produce 3,500 tonnes a week of glass. It will be situated at Sandomiers, around 100 miles south of Warsaw and on the river Wista.

The Pilkington licence has been taken up by Polimex-Cekop, a Polish foreign trade enterprise, and the plant will be operated by Vitrobud, the Polish flat glass manufacturers.

Construction of the new plant will start next year and completion should be by the end of 1978.

U.K. carpet exports fall

By Rhys David

THE BRITISH carpet industry's exports fell sharply in the first half-year as compared with January-June, 1974. A big drop in sales to Australia was one of the main factors.

The British Carpets Export Association said first half exports of 13.4m. square metres valued at £34.2m. compared with 19.6m. square metres worth £44m. Shipments to Australia—a traditional market for British carpets where severe import restrictions have been imposed—fell from 2.8m. square metres (value £8m.) to only 725,000 square metres (£2.5m.).

TRADE MISSIONS TO NEW ZEALAND

By Dai Hayward

WELLINGTON, Sept. 16.

THE New Zealand British Trade Association, in a comment on recent remarks here by Mr. Arthur Day, director general of the British Institute of Exports, that U.K. consumer exporting companies wasted their time joining trade missions to New Zealand, described to-day's remarks as an over-simplification.

Mr. Day had said many trade missions to New Zealand were wrongly composed, and that consumer groups should look for joint venture deals instead of joining trade missions.

The Association pointed out that many British consumer goods exporters were doing well in New Zealand. However, members of missions should "more closely examine the New Zealand market potential, tariff rates, and the effects of the import licensing system," it added.

Export Contracts

SIR JAMES FARMER NORTON, engineers, is to make steelworks equipment worth £400,000 for Czechoslovakia.

IN BRIEF

Japan's exports

Japan's exports in August fell 12.3 per cent. below August, 1974, to $4.38bn., the biggest annual drop for 17 years. Year-to-year decline in shipments to the U.S. reached 30.3 per cent., a record drop for 21 years. To the EEC the fall was 22.8 per cent. to South East Asia 7 per cent. Shipments to the Middle East and Communist countries rose 36.6 per cent. and 22.5 per cent. respectively.

Canadian deficit

Canada's foreign trade deficit fell $500m. in April-June to $1.06bn. compared with a year earlier. First quarter 1975 deficit was $1.53bn.

Dow Chemicals

Dow Chemical plans to raise prices in most European countries by between 20 and 25 per cent. from October 1. Inflation, price erosion and under utilisation of capacity resulting in lower profits are blamed.

Pakistan irrigation

Pakistan, the World Bank and the UN Development Programme have signed a tripartite technical assistance agreement envisaging preparation of a revised action programme and national investment schedule for irrigated farming development and land reclamation in the Indus Basin and adjoining areas of Pakistan. The UN allocation will be $3m. and Pakistan will contribute Rs.43m. (£2.1m.). The project will last three years and assist in preparing a new master plan for future investment in the irrigation system.

Iran-Egypt ships

Iran and Egypt have signed the agreement setting up a $1m. Tehran-based joint shipping company (51 per cent. Iran, 49 per cent. Egypt). Iran has made a long-term $100m. low-interest loan to the new company.

Hong Kong new town

Hong Kong Mass Transit Railway Corporation is to build a £45.5m. satellite town on a 25-acre site which will include the new underground railway's depot at Kowloon Bay. It could produce £9m. revenue annually for the railway.

Thai trade with East

Thailand is to scrap a new law aimed at regulating trade with Communist countries through a State Trading Corporation.

Ford confirms missiles request from Israel

BY PAUL LEWIS, U.S. EDITOR WASHINGTON, Sept. 16.

PRESIDENT FORD confirmed to-day that Israel is seeking Pershing ground-to-ground missiles which can deliver a nuclear warhead as part of a large package of American military aid tied to the new Sinai disengagement pact.

But he insisted at a White House Press conference that the U.S. had not yet given any firm commitment to supply these weapons and that his administration is not moving towards a formal security treaty with Israel.

Earlier, the Washington Post had published the text of what it claimed was a secret understanding on military aid reached by Dr. Kissinger with the Israeli Government as part of the Sinai agreement.

This virtually promises to supply Israel with both Pershings and the new F16 fighter—saying that the U.S. would examine the request for the missiles "with a view to giving a positive response" and that it would supply other advanced types of equipment, "such as the F16 aircraft."

However, the agreement also stipulates that any Pershings sent to Israel will be equipped with conventional warheads, rather than the nuclear bombs fitted on many of those deployed with the U.S. Nato forces in Europe.

But Mr. Jack Anderson, the noted columnist, who supplied the Washington Post with the text of the agreement, claims that his sources told him that a decision to sell Pershings to Israel "implies" that the Israelis could equip the launchers with nuclear warheads of their own design.

With a range of about 460 miles, a Pershing stationed on Israeli soil could reach many Arab capitals, including Cairo, Damascus and Amman.

Before these or any other pledges to Israel can take effect, however, they must receive Congressional blessing and Dr. Kissinger has said that all the agreements tied to the Sinai withdrawal will be submitted for legislative approval. It is difficult to tell whether fear of nuclear proliferation will overcome Congress's traditional sympathy for Israel.

But the prospect of Israel being equipped with Pershings might reduce its hostility to the administration's plans to sell Jordan Hawk anti-aircraft missiles and it is possible that the text of the new agreement was leaked to encourage a change of mood on this point.

In general terms, the new agreement amounts to an almost open-ended American commitment to Israel's security. Besides the specific promises on Pershing missiles and the F16 fighter, it binds the U.S. to consider "sympathetically" all Israel's requests for security assistance and to help it secure oil in the event of an embargo.

Under a special five year energy protocol, the U.S. undertakes to help Israel met its oil needs, if necessary by taking conservation measures itself and to compensate it for the loss of the Sinai oil fields. It also agrees that the next accord with Egypt should be "a final peace agreement," that it will work for a settlement with Jordan and consult with Israel about "possible remedial action" if Egypt violates the new Sinai pact.

Bonn may relax rules, Page 7

South Africa does not return to U.N. General Assembly

BY OUR OWN CORRESPONDENT UNITED NATIONS, Sept. 16.

SOUTH AFRICA, which was barred from participation in the 29th United Nations General Assembly last year after Western vetoes blocked its formal expulsion from the UN, failed to return for the new session to-day.

The South African delegate, Mr. R. F. Botha, told correspondents that his Government's relations with the U.N. were under review. He said it was unlikely he would reclaim its seat during the 13-week assembly session.

Mr. Botha, who is also the Ambassador to the United States, held wide-ranging consultations with delegates of many countries, including some from Black Africa, before recommending to Pretoria that it would be prudent to boycott the new session.

There had been speculation that M. Gaston Thorn, the Premier of Luxembourg and President of the 30th assembly, would not rule in favour of South Africa's exclusion if its credentials were again rejected. But several delegates said they believed that if that were the case he would be challenged and defeated.

If South Africa, which has not paid its UN dues this year, does decide to withdraw completely from UN membership it will be the first founding member to do so. Indonesia, which withdrew for some time under President Soekarno, was admitted only in 1950.

CIA poisons admission

WASHINGTON, Sept. 16.

CENTRAL Intelligence Agency Director William Colby said to-day that a CIA officer, acting without authority, decided to store deadly poisons in defiance of a Presidential order to destroy them.

Mr. Colby was appearing before the Senate Select Committee on Intelligence in its first public hearings of an eight-month-long enquiry into U.S. espionage activities. In a prepared statement he said that 11 grams of shellfish toxin and eight milligrams of cobra venom—enough to kill a large number of people — had escaped destruction.

The public hearings coincided with the publication by the Chicago Sun-Times of a report that President Ford is considering recommendations for reorganising the CIA.

Reuter

Tentative settlement in NY teachers' strike

BY OUR NEW YORK STAFF NEW YORK, Sept. 16.

THE WEEK-OLD strike by New York City teachers has now reached a tentative settlement. The executive committee of the United Federation of Teachers approved by a vote of 49 to 13 a contract that Mr. Albert Shanker, their President, described as "the best that can be gotten."

The new agreement, which was reached early this morning after a long night of often bitter debate, now must be approved by the union membership.

There is an additional hurdle to be faced aside from an unenthusiastic union membership, and that is the community school board members, who object to a shorter school day as one of the provisions of the settlement.

Although details of the agreement have not been made public, complicated negotiations have surrounded the union's efforts to avoid massive layoffs in the face of the city's financial crisis.

Shortening two school days a week by 45 minutes each would reportedly save the school system $25m. a year. That, coupled with the elimination of two free periods each week at a saving of $48m. would enable the schools to rehire 2,000 teachers laid off during the current budget crisis.

The already uneasy peace is further complicated by the fact that Mr. Shanker still faces a possible 30 days in jail and a $250 fine under the Taylor law, which forbids strikes by public employees.

Jamaica disillusioned by Caricom

BY CANUTE JAMES, KINGSTON CORRESPONDENT

JAMAICA, THE largest member of the Caribbean Common Market (CARICOM), and with the most advanced manufacturing sector, is coming a poor second in regional trade, and the island's businessmen are critical of the entire institution.

In the first six months of this year Jamaica recorded a J$34.8m. (£18.2m.) trade deficit with other CARICOM countries, only J$1.7m. (£889,000) less than the deficit for all of last year.

This follows negative balances of J$9.2m (£4.8m.) in 1972, and J$9.8m. (£5.12m.) in 1973. Before that Jamaica had very modest surpluses in its regional trading. Jamaican manufacturers and exporters predict a 1975 deficit of J$100m. (£52.3m.).

It is a bitter pill for Jamaican businessmen to swallow because at the outset they had seen CARICOM in terms of a captive market of 4m. (including Jamaica's 2m.), making use of preferential trading opportunities under the Common Market treaty. The negative trade balance has provided an opportunity for the pessimists to speak of the "inevitable" collapse of the two-year old Common Market.

Jamaican manufacturers have questioned whether their island should remain in CARICOM or get out, since the trade deficit was caused by cheaply produced goods from the Eastern Caribbean outselling Jamaican products on their own domestic market.

It took two public statements from Mr. P. J. Patterson, the Foreign Trade Minister, to allay Eastern Caribbean fears that Jamaica was going to pull out of the Community because of an inability to trade competitively. Production costs in the Eastern Caribbean, in particular Trinidad with which Jamaica has the largest deficit, are significantly lower than in Jamaica. Labour costs and overheads in Jamaica have been estimated by the local manufacturers' association to be between 25 per cent. and 33 per cent. higher than elsewhere in the region.

Loopholes

The situation has been complicated by apparent loopholes in the rules governing the purchase of raw materials for CARICOM manufactures. To these real difficulties Jamaican manufacturers have added, perhaps self-righteously, that they are the only ones who are "playing fair" in CARICOM trading, while others have been flouting the rules to Jamaica's detriment.

The Council of Ministers—the body which meets quarterly and which has direct political responsibility for managing the Community's affairs—has set up working parties to look into the problem areas. One is the parity where raw materials are concerned, in terms of sources, costs and standards.

Manufacturers in other parts of the Community have acknowledged that the quality of Jamaican goods is high, but have at the same time played by the rule that one of the more immediate concerns of the Caribbean consumer is price.

There is, however, general acceptance of the fact that regardless of the outcome of studies now being made of what Jamaica sees as the problems, the situation for Jamaica will not be changed overnight.

This view is supported by figures which show that in the first half year the volume of Jamaica's CARICOM exports has grown by only 20 per cent., while the volume of imports has gone up by 95 per cent.

The problems for Jamaica are worsened by two factors. First, there was very little attempt at rationalising the location of manufacturing industries within the Common Market. In the rush to industrialise by establishing "smokestack" operations, there was widespread duplication, particularly among the larger members: Barbados, Guyana, Jamaica and Trinidad. Light manufactures such as garments, footwear and plastics blossomed everywhere. The region, and in particular Jamaica, is now paying the price for those errors in planning.

The second difficulty is that despite efforts of the region's politicians during the past two years to develop a spirit of goodwill and co-operation between CARICOM members, suspicions and misunderstandings which were characteristic of the ill-fated Federation still get in the way. The case of Jamaican welding rod exports to Guyana illustrates the nature of the problems. Two years ago, Guyanese customs officers barred shipments of Jamaican electrodes on grounds that they did not include the required minimum of 50 per cent. local added value. Therefore, the product did not qualify for preferential duty under the CARICOM treaty.

The situation was resolved only this summer by officials of both countries and of the CARICOM Secretariat, but the two-year loss of a market valued at $J100,000 annually will not easily be forgiven by Jamaican exporters.

The exporters can take no comfort from the fact that imports from Trinidad and Guyana — with which the largest deficits are recorded — involve mineral fuels, food and machinery, which will have to be imported from those sources for years to come. The exporters face a grim future in what they have publicly acknowledged to be a fight for the survival of the manufacturing industries.

While the doves have proposed that one way out is a reduction of profit margins so that goods can be priced to compete with those imported from the Eastern Caribbean, the hard-liners argue that either Jamaica withdraws from the Community or its manufacturing industries will die.

Yet one will have to work on the assumption that a withdrawal from CARICOM is something which neither the Jamaican government nor exporters in the Eastern Caribbean want to see.

MINAS GERAIS

The Iron Quadrangle awak[es]

BY DAVID WHITE, RIO DE JANEIRO CORRESPONDENT

OUTSIDERS associate the people of Minas Gerais, the landlocked mountain state which has been the traditional source of Brazil's mineral wealth, with the same qualities that Englishmen attribute to Scots. One of these is obstinacy, and the mineiros have had to be obstinate indeed in their fight to share the benefits of economic development. Now that the recession is beginning to put a drag on growth rates, the continuing ambitions of Minas Gerais are posing a threat to good-neighbourliness with the business centres further to the south.

The state, with a population of 12.5m. inhabitants in an area they like to describe in a dead-pan way as "a bit bigger than France," has been through two phases of being the richest place in Brazil, in terms of resources, and is still one of the poorest, in terms of the living conditions of many of its people. The first time it was gold which led to the curious name (General Mines) and brought in Portuguese settlers in the 18th century. Output has since dwindled to a gentle 5 tons a year. The second phase was mainly that of iron ore.

The so-called Iron Quadrangle backs up to the state capital of Belo Horizonte. From the city you can see where the landscape has started to move, with the first slices already lopped off the mountain crest as the nearest mine at Aguas Claras meets the demand of its Japanese customers.

Despite recent discoveries in northern Brazil, Minas still contributes 70 per cent. of the country's mineral production, but until five years ago the region itself seemed to be the last place to be benefiting from it.

In that time Minas has planned, organised and hard-sold itself into becoming a central focus of industrial development. Belo Horizonte, where 10 years ago phoning Rio de Janeiro required a day's wait, is now an obligatory port of call for visiting businessmen. Brazil is slowly moving into the interior, and Minas Gerais is the first stop. Already equipped with the basic infrastructure, it fills the gap between the new capital in Brasilia and the south-east belt which comprises less than one hundredth of Brazil's land area, a fifth of its population, and nearly two-thirds of its industry.

After tiny growth rates in the 1960s, Minas has now overtaken the rest of the country, last year showing an expansion of 10.8 per cent. against a national rate of 9.6 per cent. Carrying a debt of about $400m., some in foreign loans dating back to the 1920s, Minas has committed itself to a hefty spending programme of $10bn. between now and 1979. Next year its spending is set at $2.2bn., of which only a quarter is covered by the investment provisions of the budget, the rest having to come from elsewhere inside or outside Brazil.

Active recruitment and financial incentives have brought in $2.5bn. in industrial investment since 1970. Where the state government failed to persuade the conservative bosses of home-based industry to move, it went courting bigger industry abroad. By far the most important catch so far has been Fiat, which plans to make 200,000 small cars a year for the Brazilian market from 1978, with production starting late next year. Besides the 10,000 jobs provided by the factory itself, Minas also wants to draw in the important supplier industries, rather than buy parts in São Paulo.

It is doing this just as São Paulo industry is beginning to feel the pinch, and the project has started off a conflict between the business interests of the two states, which on an official level are trying to make a show of unity. Feelings have been running high. Against accusations that Minas was out to damage sectors of Brazil's economy in order to foster its own, the newly-inaugurated Governor, Sr. Aureliano Chaves, retorted: "We will not permit imperialists to obstruct our development."

Krupp is meanwhile building a large engineering plant on an adjacent site, with the promise of Iranian financial backing. If it comes through, it will be the first important chunk of oil-producing funds to go into Brazilian industry. In many cases, however, including Fiat, the state government has put up part of the risk capital itself.

Most of the money goes into mining and metals including an important steel industry. A $2bn. integrated ore and steel venture is in the planning stages by the state-controlled Vale do Rio Doce mining company and Açominas, part of the Usiminas steel group. Several new mineral sources remain to be exploited, including a 350m. ton deposit of phosphate and a lead and zinc deposit at Morro Agudo which is being extravagantly compared with the Mississippi Valley. Here, as with the coveted uranium reserves at Poços de Caldas, the state government is campaigning to accommodate processing as well as mining operations. Even gold looks like being in for a revival. The least-used resource is the land. The present federal Agriculture Minister, Sr. Alysson Paulinelli, was responsible for a substantial improvement in farm production, and the important dairy sector is being backed up by meat and forestry projects, as well as food crops and a large-scale expansion of the southern coffee plantations. But still only 8 per cent. of the land area is cultivated in any way, and much of the farming still depends on the meeiro—the sharecropper who goes halves with the landowner on the meagre output of his patch of black beans, cassava, rice, or maize. The poverty of the farming areas is one of the main concerns

> "Minas has planned, organised and hard-sold itself into becoming a central focus of industrial development."

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OVERSEAS NEWS

Miki outlines Japanese $6.7bn. reflation package

PETER DUMINY TOKYO, Sept. 16.

...ENT circumstances call for ...e drastic policy measures ...imulate economic activity," ...Takeo Miki, the Prime ...er, told the Japanese Diet ... He said the Government's ...reflation package will in... direct spending of $5bn., ...$1.7bn. of "financing mea... for smaller businesses," ...vill "surpass in scale the ...hree rounds of economic ...ation measures."

...Miki thus confirmed ... everything that had been ...ed about the Government's ...erm economic policy, in...g the target of 6 per cent. ...growth for the next six ...s, which would mean a 2 ...ent. real increase for the ...s a whole.

...ever, the Prime Minister ... to fill in the details, so ...t remains far from clear ... exceptional amounts, if ...vill be added to the fiscal ...amme when the annual ...ementary budget sees the ...of day about the middle ...xt month.

...sent indications are that ...ew policy will be mainly significant in committing the Government to cheap money and large-scale deficit financing. This would be seen in a $10bn. or more increase in national bond issues rather than any above-average increase in supplementary expenditure.

This could nevertheless be distinctly reflationary. Over past years an average of 13.5 per cent. of general account budgets (including supplementary budgets) have been financed by increases in the National Debt. This year the Ministry of Finance expects national bond issues to exceed $16.7bn. ($6.7bn. already authorised), *equivalent to 23 per cent.* of the current spending of $71bn. voted by Parliament earlier this year.

Last year's supplementary budget added $7bn. to original appropriations, an unusually large addition attributable to public sector wage increases of around 30 per cent. This year civil servants' salaries are up less than 11 per cent., and the supplementary budget may even be smaller in aggregate, but whatever its size, it will largely be financed by bond issues, which can therefore only increase in relative importance as a source of funds.

The impact of this deficit spending would be reinforced by increases in the fiscal investment and loan programme, originally set at $31bn. This is not normally increased during the year, but the Ministry of Finance has pointed out that for 1975-76 the Government has been empowered to increase spending by up to 50 per cent. without going back to Parliament.

To date there has been no need to draw on this authority, since the strategy of the February, March and June reflation packages *was to bring forward expenditure* from the second half to the first half of the fiscal year. Now, however, most of the $5bn. mentioned by Mr. Miki may need to be earmarked, not only for reflationary purposes but to continue work on projects which have already been initiated.

The need for reflation moves meanwhile appears slightly less pressing against a revised figure for industrial production in July, which shows output 26 per cent. higher than June's at a seasonally adjusted annual rate.

Editorial comment, Page 14

Little hope for Shore in Japan

PETER DUMINY TOKYO, Sept. 16.

...BRITISH Secretary of State ...rade, Mr. Peter Shore, has ...d in Tokyo not expecting ...rm commitment from the ...ese Government on motor ...ports to Britain, and manu...ers are adamant that there ...e no question of voluntary ...int "at industry level."

... appears to rule out any ...liate solution of the prob...f Japan's rising share of ...n's new car market, des... spate of speculative Press ...s to the contrary in the ...wo or three weeks. How... there is still a possibility ...omething may come out of ...Shore's visit, which will ...e a three-hour meeting to...w with Mr. Toshio Komoto, his opposite number at the head of the Ministry of International Trade and Industry (MITI), and a visit to the Nissan plant at Oppama on Friday.

The background is partly that British official sources do not claim to know what, if anything, has been decided by MITI in anticipation of the complaints to be lodged by Mr. Shore. At the same time it can be accepted as definite that the industry will not cut back export sales unless there is an agreement at Government level which leaves it no choice.

In similar cases in the past, the full facts have been slow to emerge. In the first place the Government-to-Government agreements have remained secret, no doubt because they run counter to the GATT. Second, the affected industry has also usually preferred to hush up the arrangements, rather than run the risk of seeing demands for export restraint spreading to other markets.

The British market situation is particularly unsuited to voluntary restrictions in view of the fact that Toyota is still far behind Nissan in market penetration and would not be likely to relax its export drive for this reason alone. Toyota landed 19,854 vehicles in Britain in January-August, against 51,681 by Nissan, together comprising the bulk of industry exports of more than 87,000.

Palestinians release hostages

RICHARD JOHNS

...t Palestinian extremists ...day released the Egyptian ...mats whom they had seized ...held hostage in Madrid on ...ay, claiming that they had ...ved their objective by ...ting Arab and inter...nal opinion to the dangers ...ypt's accord with Israel."

... spokesman for the group ... in Algiers that he and his ...gues never expected that ...main condition for sparing ...fe of Mr. Mahmoud Abdel ...ar, Egyptian Ambassador ...adrid, and his colleagues ... be met—namely that ...should withdraw from the ...in Geneva concerned with ...implementation of the ...d Sinai disengagement ...nent concluded earlier ...month.

...y had flown to Algiers ...the Algerian and Iraqi ...ssadors to Spain after ...g their captives sign a ...ent condemning the ...ian-Israeli negotiations — ...were resumed yesterday ...neva.

After arriving on President Boumedienne's personal Ilyushin-18 executive jet, the spokesman, identifying himself as Abu Aissa, paid tribute to Algeria, saying that it had been chosen as "the terminal of our operation before we launched it. Our choice was motivated by the revolutionary and dignified attitude of the Algerian Government towards the Palestinian and Arab cause."

So far, the Algerian regime has refrained from outright criticism of the Sinai accord and has only allowed veiled attacks by the local stations of the Voice of Palestine. However, the four Arab students — who declined to say where their violent protest had been planned, although the suspicion must be that it was Libya—were politely welcomed by officials and also the Algiers representative of the mainstream Palestine Liberation Organisation, which has condemned their action.

Already signs of ambivalence over the first physical challenge to the Sinai interim accord were in evidence. Not the least, Mr. Ghaffar — despite President Sadat's fullsome condemnation of the Madrid episode — was quoted in Cairo as saying that the whole affair had been no more than "a dialogue between Arab brothers."

The four gunmen, who denied affiliation to any particular commando group, appeared to have had the better of a draw with the Egyptian Government.

Louis Fares write from Damascus: In the wake of the seizure of the Egyptian Embassy by Palestinians, Syria made what appeared to be an indirect appeal to President Sadat to cancel the Sinai agreement he recently concluded with Israel.

In an open letter published in a Damascus newspaper, Mr. Abdullah Ahmad, a member of the leadership of the ruling Baath Party, complained to President Sadat about attacks in the Egyptian Press against the Syrian leadership.

Rhodesian nationalists killed

By Bridget Bloom

FACTIONAL fighting between members of the armed wing of Zanu, one of Rhodesia's two main nationalist parties, has resulted in the deaths of 11 people, according to a statement from the Zambian President's officer in Lusaka.

The statement said Zambian soldiers intervened last Thursday to prevent a faction fight at a Zanu guerilla camp at an unspecified place in Zambia but were themselves attacked. When a Zambian lieutenant was killed the Zambian forces opened fire, killing 11 Zanu members and wounding another 13.

The incident, one of several over the past year, although apparently the only one involving Zambian troops, underlines yet again the problems facing the leaders of Zambia and other African States who have been attempting to unite the Rhodesian nationalist movements.

The Presidents of Zambia, Botswana Tanzania and Mozambique, following their week-end meeting in Lusaka, have urged unity upon Rhodesia's African parties, but the post-summit communique gave no indication as to what action might be taken.

Amin demands list of claims

KAMPALA, Sept. 16.

PRESIDENT IDI AMIN to-day asked British officials for a full list of claims for compensation for British Asians expelled from Uganda and British property taken over here in recent years.

The President made his request for Foreign Office Assistant Under-Secretary Donald Hawley and four other British officials who met him at his "Command Post" here to-day.

They were due to begin talks with the Uganda Government on the compensation issue this afternoon. Reuter

THE ERITREA REVOLT

The Ethiopians in trouble

BY A CORRESPONDENT

THE ETHIOPIAN military Government put on an ebullient display of confidence in the socialist revolution at the week-end as it celebrated the first anniversary of the deposition of Emperor Haile Selassie. But it has effectively given up trying to disguise the fact that the situation in the northern province of Eritrea is becoming increasingly serious. There are indications that the conflict with the secessionist guerillas is coming to a head and could jeopardise the future of the revolution.

During the past few months the Government has been engaged in what it calls a "neutralisation" campaign to starve out the Eritrean Liberation Front (ELF) guerillas by brutal attacks on the villages believed to be supporting them. These attacks are thought to have caused hundreds, if not thousands, of deaths. Yet a few weeks ago the Government had to announce that despite its efforts the situation was steadily deteriorating and that law and order had broken down.

The announcement followed the formation of a top-level inter-ministerial committee to try to find a solution to the problem. It appeared to lend substance to persistent reports from Eritrea that there is growing disenchantment with Government policy among the 15,000-20,000 troops entrusted with the task of carrying it out. There are said to have been more and more desertions from the Second Division, based in Asmara, capital of Eritrea.

The Second Division is known to have told the ruling military council, or *derg*, that it disapproves of its conduct of the war and that it wants immediate steps to bring the conflict to an end, regardless of the concessions involved. There have been reports from diplomatic sources that between 3,000 and 5,000 government troops have either been killed or injured since the fighting began in earnest in January this year.

The losses of the Eritrean Liberation Front (which is thought to number about 3,000 regulars) are not known, but it is estimated in some quarters that about 20,000 people have been either killed or wounded in the "neutralisation" campaign. Officials of international agencies operating in Eritrea have given support to these reports and spoken of government atrocities against the civilian population. Earlier this year the Government stopped the flow of emergency famine relief supplies for fear that the food was finding its way to the ELF. Later it gave in to international pressure to resume the supplies, but the relief workers have to be accompanied by troops.

Arab states

The Government recently accused certain unnamed Arab countries of trying to claim Eritrea as their own. Arab states including Syria, Iraq, and Libya are known to have stepped up the supply of new Russian and Czech weapons to the ELF. Those familiar with the Eritrean situation claim that the guerilla arsenal now includes the latest double contact plastic mines, ground to air missiles and Soviet rockets and mortars.

The Government went out of its way to deny recent reports that four Air Force jet fighters had been shot down by the guerillas, who were presumably using their newly acquired SAM-7 missiles. At the anniversary celebrations the head of state, General Teferi Bante, condemned "some bandits in the Eritrea administrative region who are intoxicated with Arab petro-dollars." Eritrea would not be "sold to some Arab countries," he said. But the mainspring of the secessionist movement is dislike of the role of Addis Ababa rather than affiliation with Arab states.

The Government appears to have been afraid that the guerillas were building up to unilateral declaration of independence to coincide with the anniversary celebrations. Over the past few months the two wings of the ELF, the Revolutionary Council (RC) and the Popular Liberation Forces (PLF), appeared to be on the point of overcoming their differences and forming a united political and military front. These differences, which reflect the division of Eritrea between Moslems and Christians, have previously prevented effective action by the guerillas.

The secessionists had originally planned to declare independence about two months ago, but held off after failing to capture the town of Keren—a key road and rail junction lying 57 miles north-west of Asmara towards the Sudan border. It is known that Keren (a secessionist stronghold) had been chosen as the capital of the new state. But the Ethiopian Army reinforced its garrison there to a strength of nearly 2,000 troops and withstood several concerted attacks.

In the following weeks there was a series of meetings between the two branches of the ELF, and in August they issued a joint statement in Beirut agreeing on the need for a "unified democratic front in Eritrea with one political leadership and one liberation army." But at subsequent talks held in Rome to finalise the agreement traditional differences appear to have reasserted themselves. That probably explains why the ELF did not declare UDI at the week-end.

However it did use the occasion to demonstrate that it can still operate freely outside the towns in Eritrea by launching a massive attack on the U.S. communications base at Kagnew, on the outskirts of Asmara. Several people are believed to have died, six Ethiopians and two Americans were kidnapped. The ELF now holds four Americans (two others were captured in July) and on Monday it demanded that the U.S. should stop supplying arms to Ethiopia and dismantle the Kagnew base. If the U.S. Government did not comply, the Americans would be killed, the ELF said.

The Ethiopian Government said at the week-end that the base, which was anyway running down and was expected to close in 1978, would be closed "by the end of the year." It later became clear that it meant by the end of the current Ethiopian year, which has just begun, but nevertheless the news appears to have startled the U.S. Government, which relies on the base as part of its communications network. The ELF suggests that it would be used for monitoring Egyptian moves in the Sinai desert. Ethiopia and the U.S. are now trying to reach a new accord about the base, which employs about 40 Americans.

Embarrassment

The Government's announcement about the base may be a move both to save embarrassment and to conciliate the Moslem elements in Eritrea, who closely identify the U.S. with Israel. This shift, if it has occurred, may be the result of a power struggle within the *derg* which is thought to have resulted in a reduction in the number of its members favouring a tough policy in Eritrea. It is suggested that recently the moderate faction, led by Major Mengistu Haile-Marriam, lost by only two votes in a decision on Eritrea to the more extreme faction led by Colonel Atnafu Abate. The moderates may have gained more influence since.

With a war effort conservatively estimated to be costing close to £115,000 a day, and ever diminishing chances of the Government achieving a military victory, Ethiopia's military leaders are now faced with the painful choice of what is more important — the preservation of Eritrea or the successful development of a socialist Ethiopia. For it is becoming increasingly apparent that they cannot have both.

APPOINTMENTS

RESIDENTIAL PROPERTY

BOND DRAWING

CORRECTION NOTICE

Crédit Commercial de France
L'Air Liquide

The "Bond Drawings" advertisement published on 12th September 1975, page 29: The bonds drawn for repayment in 1972 and not yet reimbursed should read —Bond Numbers 2.524 to 2.525, 2.740. Amortisation of the 15th October 1972.

CORPORATION LOANS

COMPANY NOTICES

CHARTER CONSOLIDATED LIMITED

CONVERSION OF LOAN STOCK INTO SHARES

In terms of the conditions of issue of the company's 5 per cent convertible unsecured loan stock 1984, holders of £2,371 stock exercised their right to convert their stock between 16 August and 15 September 1975 into fully paid registered shares of 25p each of the company at the rate of 24 shares for every £100 of stock.

Application has been made to the Council of The Stock Exchange for the 570 new shares so issued to be admitted to the official list, and will also be made for the listing of the shares on the Paris Bourse, the Johannesburg Stock Exchange and, at an appropriate time, on the Rhodesian Stock Exchange.

The amount of loan stock outstanding is now £2,357,266.

By Order of the Board
CHARTER CONSOLIDATED LIMITED
D. S. Booth
Secretary

Registered Office:
40 Holborn Viaduct,
London EC1P 1AJ.

16 September 1975.

SPANISH 4% EXTERNAL LOAN (1974) ISSUE

THE COUPONS due 1st October 1975 can be presented for PAYMENT at Banco Espanol en Londres, S.A., 60, London Wall, London, E.C.2 between the hours of 10.00 a.m. and 2.00 p.m.

London.
17th September, 1975.
BANCO ESPANOL EN LONDRES, S.A.

WITWATERSRAND GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND ANNOUNCEMENT

Notice is hereby given that Dividend No. 107 of 5 cents per share has been declared, payable to Shareholders registered in the books of the Company at the close of business on the 17th October, 1975. The Transfer Registers and Register of Members will be closed from the 18th October, 1975, to 25th October, 1975, both dates inclusive. Dividend cheques will be posted to Shareholders on or about the 14th November, 1975. The Dividend is declared in the currency of the Republic of South Africa, and Non-Resident Shareholders' Tax of 15 per cent will be deducted from the Dividends payable to those members whose addresses are outside the Republic of South Africa.

SHARE WARRANTS TO BEARER

The coupon to be presented for the above dividend is No. 105 which must be left at the Office of Hill Samuel & Co. Limited, 45 Beech Street, London, E.C.2 at least seven clear days for examination. Special listing forms can be obtained on request.

By Order of the Board
GLEN ANIL INVESTMENTS (PTY) LIMITED, Secretaries.
per V. N. Routledge, C.A. (S.A.)
Secretary

Registered Office:
807 Medical Centre,
Jeppe Street,
Johannesburg.

London Transfer Office:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL.

12th September, 1975.

LEGAL NOTICES

No. 002992 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SANELL LIMITED and the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of September 1975, presented to the said Court by GINGE-FABRIKER as a Company incorporated outside the Scheduled Territories as defined by the Exchange Control Act 1947 and whose principal place of business is at 9700 Bronderslev, Denmark, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 20th day of October 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BEACHCROFT, HYMAN ISAACS,
1 Chancery Lane,
London WC2A 1SU
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of October 1975.

No. 002993 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of INDIGO OVERLAND EXPEDITIONS LIMITED and in the Matter of the Companies Acts 1948 to 1967.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of September 1975, presented to the said Court by THE SECRETARY OF STATE FOR TRADE whose address for service is the Treasury Solicitor, Matthew Parker Street, London SW1H 9NN; and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of October 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TREASURY SOLICITOR,
Matthew Parker Street,
London SW1H 9NN.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of October 1975.

CONTRACTS AND TENDERS

EUROPEAN NEWS

SOVIET MANPOWER

Running out of Russians

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

LOW LABOUR productivity and manpower shortages already bedevil the Soviet economy, but demographers have just added another touch of gloom by predicting that the manpower supply will become worse in the last part of this century. They urge action now to set things right for the 21st century, since there is nothing that can be done for the last quarter of the 20th.

In a strikingly frank commentary on the latest statistics based on 1973, Literaturnaya Gazeta, the newspaper of the Writers' Union, spoke about unsatisfactory population trends, and about some of the reasons for them. They include alcoholism, divorce, and over-rapid urbanisation.

The problem is that the baby booms resulting from the last war have been slower in coming than elsewhere, probably because of the sharp population fluctuations resulting from exceptionally heavy war losses. The post-war wave only reached its height in 1960 when 5.3m. babies were born. After that the shortage of mothers of child-bearing age reduced the figure to a bare 4.1m. in 1969. Things have improved slightly since then, but last year the figure was still only 4.6m., well below 1960—and smaller in proportion to a population which had since grown from less than 240m. to 253m.

Soviet demographers are confident that enough young women are now reaching child-bearing age to sustain this upward trend for five years, bringing annual births back to 5m. by 1980. But the birth slump of the 1960s, they say, will lead to a new shortage of potential mothers in the 1980s and therefore to another drop in the birth rate. If so, there could be yet another shortage 20 years later with no end to the demographic ripples for half a century. Literaturnaya Gazeta says that nothing can be done about the expected shortage in the next decade, but that action can at least be taken to avoid a further shortage in the opening decades of the coming century.

The only comfort demographers are able to draw at the moment is that manpower will be plentiful for the next Five Year Plan which begins next year because of the 1950s bulge. But by the 1980s the coincidence of a retiring bulge and a trough of school-leavers points to renewed manpower shortages. Although the working population will continue to grow in the next 30 years, the article says, the rate of growth in the second half of this period will be much less than in the first half. This prospect adds urgency to the Government's plans to automate and modernise Soviet industry as much as possible, and these two goals are expected to dominate thinking behind the new Plan.

Urbanisation

But despite incentives for having large families, such as priority housing, cash benefits and so on, how successful is the Government likely to be in sustaining the current baby boom? According to Literaturnaya Gazeta, social trends are currently running against large families, and the tone of the article suggests that there is no change in prospect. The dominant trend is urbanisation, which the article says is having the side-effect of reducing people's desire to reproduce. In fact the Soviet Union still has a reasonable balance between urban and rural population, which helps to keep up the overall birth rate. But demographers have noted that the birth rate in Soviet towns is now far lower than in the countryside, and the proportion of town-dwellers is swelling the whole time. Another trend is towards greater internal mobility, and the more a person moves around the less able or willing he is likely to be to have children.

The normal Russian town family is unlikely to have more than two children and most probably only one. This applies particularly to the intelligentsia. In 1965 one child in every three born in the Soviet Union was a first child. By 1973 the figure had dropped to nearly one child in two.

Divorce has long been a straightforward and unemotional business in the Soviet Union. But even by Russian standards the numbers now look disturbingly high.

In 1960 the divorce rate was 104 per 1,000 marriages. By 1973 it had leapt to 270 per 1,000. And even this figure is thought to be well below the actual number of broken homes. As Literaturnaya Gazeta points out, the figures represent only those who have filed applications for divorce. The number of separations must be considerably higher if only because the expense of a divorce (50 roubles, about a third of the average monthly wage) and the inconvenience will discourage people from going through with it unless they really have to. Only half those divorced ever start a second family, demographers have discovered.

Perhaps the most startling trend highlighted by the article is the role played by alcohol in reducing the workforce. While improvements in medicine have extended life expectancy to 70, the number of deaths among men in their 30s and 40s is actually increasing. In fact three times as many men than women die between the ages of 35 and 40. The reason, Literaturnaya Gazeta states bluntly, is drink. It goes on: "Accidents (on the road, in factories or in everyday life) which feature significantly among all cases of death among young people, often result from drunkenness." The paper then calls for a more effective struggle against drinking to create new manpower reserves.

Another point of particular concern to Russians is that within the Soviet Union they are reproducing very much more slowly than the other[...] The article cites what [...] two extremes showing [...] 1973 the population [...] Central Asian republic [...]zhikistan increased [...] people per 1,000 wh[...] population of Pskov [...] in the Russian Fe[...] actually declined by [...] 2 per 1,000. The Slavic [...] as a whole (Ukraine, Ru[...] White Russia) which [...] for three quarters of the [...]tion reproduce slowly [...] growth coefficient of 0.9 [...] against three times th[...] for Tadzhikistan. At [...] the Slav races could [...] minority by the middl[...] next century. But the [...] who currently numbe[...] will be in a minority [...] years.

Nationali[...]

Quite what can be do[...] this is uncertain—if in[...] Russians are as bother[...] it as the West usuall[...] after all, Russians are [...] widely spread throug[...] Soviet Union than are [...] nationalities. Selective [...]tion planning on a n[...] basis would be dangero[...] the encouragement of [...]tion among the more [...] Central Asian peoples [...] restoring the balanc[...] slow down overall p[...] growth and defeat the [...] more manpower.

The authorities are [...] more worried about [...]tion which must [...] affect most of the p[...] especially if plans [...] industrial cities go ah[...] process cannot be reve[...] if the average family [...] below 2.5 children, [...] which leaves some le[...] wastage, the Soviet [...] is in danger of not g[...] all. Ironically this pro[...] opened up just as ef[...] being made to settle [...] tracts of Siberia.

Swiss delegation will define 'snake' poli[...]

BY JOHN WICKS ZURICH, [...]

SWISS FINANCE Minister Georges-André Chevallaz and the National Bank president, Dr. Fritz Leutwiler, are to head a delegation to Brussels on Monday for discussions with the Finance Ministers of countries belonging to the European currency "snake." The delegation will, according to a government communiqué, "confirm and define" the provisions for possible Swiss entry into the system and then report back to the Swiss Federal Council.

The communiqué stressed that Switzerland is not prepared to accept any conditions for entry that go beyond the actual mechanism of the "snake" system itself. This remark is obviously intended to counter the belief held in some circles that the Swiss might be expected to provide some kind of quid pro quo as an admission fee. Dr. Leutwiler said some weeks ago that no "wedding presents" were foreseen.

Speaking before the Swiss-American Chamber of Commerce in Zurich to-day, Dr. Leutwiler said Switzerland has expressed its willingness to assume the obligations imposed on participating central banks. "What we are not prepared to do, however, is to make any concessions that go beyond the obligations entered into by the other 'snake' members."

Dr. Leutwiler also expressed doubt that questions connected with recent IMF gold decisions would be able to be solved to everybody's satisfaction at the next meeting of central bank governors at the Bank [...]national Settlements. Although he said it [...]sidered indecent to ma[...] view that gold playe[...] portant role in the [...] system, he did not see [...] could be replaced enti[...] near future by anoth[...] medium. Replacement would mean still great[...]ancy on U.S. econ[...] monetary policy, whil[...] advantage of specia[...] rights (SDRs) lay in th[...] availability.

هكذا من الأصل

Bonn bid to cut its contribution to EEC finances

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 16.

ST GERMANY will press for iges in the EEC's budgetary em to reduce the amount that n has to contribute, Herr s - Juergen Wischnewski, ister of State at the Foreign istry, announced here to-day.

e changes envisaged by Bonn ld almost certainly mean that Community's "poorer" itries—Britain, Italy and Ire- —would have to contribute e.

err Wischnewski told journal- after to-day's EEC Council ting here that the German net would start considering draft EEC budget for 1976, h provides for a 17 per cent. ease in Community ex- liture, at a meeting in Bonn orrow. The German view that economies in Com- ity spending should be just tringent as those the Bonn ernment was applying to its national budget, he added.

e changes that Germany will already called for by ium last year, would involve erting national currencies EEC units of account at realistic exchange rates. budgetary purposes, national currencies are still converted at official parities declared to the IMF, rather than at the new floating rates.

This means that countries whose currencies have moved upwards are contributing more to the budget in their national currencies than they would if current market rates were used.

Herr Wischnewski estimated that Germany would save DM.600m. (over £100m.) net a year if more realistic rates were introduced. Conversely, countries whose currencies have floated downwards, particularly the U.K., would have to contribute more to the budget if the system were reformed on the lines proposed by Bonn.

Herr Wischnewski said that the new system should be adopted as soon as possible, but admitted that it was likely to be a lengthy process in practice.

The German move was seen here as an opening shot in what are bound to be tough negotiations over next year's budget. Discussions of the budget are to start at Ministerial level at a Council meeting here next Monday.

More trade-aid efforts

Y REGINALD DALE

BRUSSELS, Sept. 16.

MINISTERS to-day agreed ress on with their arduous ts to negotiate new "overall" and aid agreements with iterranean countries in spite conomic and political diffi- es that have brought ress to a virtual standstill g the past few months.

e nine Foreign Ministers led to ask there countries' ulture Ministers to find an er to problems over olive which are preventing the con- on of agreements with sia and Morocco, and called be Commission to continue fforts to complete negotia- with Algeria, Spain and a. Tunisia's vital olive oil rts have been seriously hit EEC price measures intro- d last June.

e Ministers also agreed to ahead with preparing an EEC negotiating position for talks with the next group of Mediterranean countries, Egypt, Syria, Jordan and Lebanon (the so-called Mashraq states). The Commission wants the mandate agreed at the next council meeting on October 5 and 6 if possible.

Britain and France were reluctant to increase the EEC's offer of financial aid to Malta from 21m. units of account over five years to the 26m. to 28m. requested by the Commission. But with most of the other countries ready to accept a higher figure these two governments said they might reconsider their positions.

Later, the Commission called on member governments to speed ratification of the Lome Convention linking the Community with 46 countries in Africa, the Caribbean and the Pacific (ACPs).

Turkish rebuff on Cyprus

Y OUR OWN CORRESPONDENT

BRUSSELS, Sept. 16.

EEC countries to-day ped up pressure on Turkey ake a more flexible line on us, but Mr. Sabri Caglayan- the Turkish Foreign Mini- gave no sign of any willing- to make concessions.

discussions after to-day's ing of the EEC-Turkey ciation Council, Sig. Mariano or, Italian Foreign Minister spokesman for the Nine, Mr. Caglayangil for assur- that the Turkish-occupied r of the island would not terally declare its independence, as threatened yesterday by Mr. Rauf Denktash, the Turkish Cypriot leader. Sig. Rumor also urged the Turkish Government to produce proposals for a new dividing line in Cyprus. "The Nine feel that it is now up to Turkey to make territorial concesions."

Mr. Caglayangil said that Turkey was not prepared to make any move until the U.S. arms embargo against Turkey was lifted. He said that it was up to the Greek Cypriots to get negotiations restarted.

Giscard in Greece to-day

ROBERT MAUTHNER

PARIS Sept. 16.

ICE will seek France's support both for its bid ll EEC membership and on yprus problem during the ay official visit to Greece French President Valéry rd d'Estaing starts to- w.

nce has already done much to back Greece on both scores, but on the eve of the President's departure, Greek Premier Constantine Karamanlis told the French news agency that, while the Greeks were grateful to the French for what they had done, they would ask M. Giscard d'Estaing for even stronger diplomatic support.

W. Germany likely to relax arms sales rules

By Nicholas Colchester

BONN, Sept. 16.

THE FEDERAL Security Council, a committee of the West German Cabinet, will meet on Monday to discuss the tricky question of the Government's attitude to the export of weapons outside the Nato alliance. There is a possibility that various pressures, all well aired in the West German Press during the last seven days, will encourage the council to apply rather less stringent criteria to such exports than it has in the past.

Since 1971 the Government has allowed weapon deliveries only to Nato countries and, with special permission, to Japan, Sweden, Switzerland, New Zealand and Australia. It is clear that strict adherence to this principle has cost West German industry some export contracts and has helped hold the number of Germans employed in the manufacture of weapons down to an estimated 200,000.

While weaponry accounted for about 19 per cent. of U.S. exports in 1973, 12 per cent. of Britain's and 9 per cent. of France's, the proportion for West Germany was only one quarter of 1 per cent. The most widely publicised West German deal to have suffered recently from export restrictions is said to have been a tank contract with Iran, where the Iranians reportedly opted for 800 British Chieftain tanks in place of the German Leopards.

For some time it has been West German Government policy not to encourage the development of an "arms sector" in industry, the underlying argument consisting of a diminishing portion of post-war "never-again" spirit and an increasing amount of enlightened self-interest. As a nation heavily dependent on access to world markets, West Germany has preferred to steer clear of the partisanship implicit in arms contracts. "Better to sell other people the machine tools to make weapons than to sell the weapons themselves," a Foreign Ministry official said.

Yet for three reasons this philosophy has become ever tougher to follow in recent months. In the first place West Germany is suffering from an exports-led business slump, and a number of companies have recently sent the Government pleas for a more relaxed definition of the "areas of tension" to which no West German arms may be exported. The Government must therefore balance its ideals against the reality of more than 1m. unemployed.

The weapon manufacturers also argue that the Government is letting itself in for huge costs by developing weapon systems for its own use and then barring the export sales that could pay for the research and development. This point carries more weight at a time when the Government has been forced to introduce a programme of budgetary savings.

These are old arguments: a more timely one is that 60 per cent. of the money that West Germany is currently spending on weapons development is flowing into multinational projects—most obviously projects with the French. It is important for such projects that the participating countries have similar export philosophies. It is also clear that France holds a point of view that is much more liberal than that of West Germany.

GNP DOWN 5% IN REAL TERMS

WIESBADEN, Sept. 16.

WEST GERMANY'S GNP fell 5 per cent. in real terms in the first six months of this year compared to the period last year, the Federal Statistics Office said to-day. Nominally, January-June GNP rose by 4.1 per cent. on the first six months of 1974. But in real terms, calculated on the difference caused by inflation in the purchasing power between the comparable periods, the latest figures of DM496.5bn. (£37.1bn.) was a fall of 5 per cent. Reuter

Poll gains for big two in Norway

By Fay Gjester

OSLO, Sept. 16.

NORWAY'S two largest parties—the Conservatives and the ruling Labour Party—both did well in local government elections throughout the country yesterday.

Labour secured 38.2 per cent. of the poll, a considerable improvement on its poor showing in the 1973 general election, when the party lost nearly a quarter of its voters as a result of its pro-EEC line in the Common Market membership referendum a year earlier.

Compared with the last local government elections in 1971, however, Labour lost ground yesterday. Four years ago its share of the poll was 41.7 per cent. Yesterday's results mean that many municipal councils where Labour previously had a majority will now be dominated by non-Socialist groupings. Oslo's Labour mayor, for example, will have to step down in favour of a Conservative.

The Conservative Party scored the most marked success. With 21.4 per cent. of the poll it could claim big gains both on 1973 (when it had only 17.3 per cent.) and on 1971 (when is secured 17.9 per cent.).

Its victory is a triumph for the party's hardline anti-Socialism—during the election campaign Conservative politicians said that too much Socialism could threaten the continued existence of democracy in Norway.

Dutch to reflate with big budget deficit

BY MICHAEL VAN OS

THE HAGUE, Sept. 16.

THE DUTCH budget proposals, presented to Parliament to-day, contain yet another package of reflationary measures totalling nearly Fls.3bn. to stimulate the economy and curb the rise in unemployment.

As a result of additional expenditure and the effect of the economic recession in general, the Dutch budget deficit is expected to reach the staggering level of around Fls.14.5bn. next year. However, this should be seen against the new estimates of the Central Plan Bureau (CPB) to-day which calculate that the balance of payments surplus on current account will rise from about Fls.4bn. this year to Fls.7bn. in 1976.

Finance Minister Dr. Willem Duisenberg said at a Press briefing here that around Fls.10.5bn. would have to be borrowed on the capital and money markets and that there would have to be a "substantial element" of so-called monetary financing (by which he meant printing money.) He said: "The cabinet regards these operations as rather risky. But they are necessary to pursue our policies and acceptable in view of the economic trends."

Dr. Duisenberg said that the alternative which was rejected would have meant accepting a considerably lower growth rate than the 3.75 per cent. now aimed at, still higher unemployment, and a reduction in Government expenditure.

Social premiums

An encouraging note in the Government's general policy statement for 1976, which was delivered by Queen Juliana in her Speech from the Throne earlier to-day, was the cabinet recognition that to maintain and create further employment the rise in labour costs in Holand must be tempered. "To make this possible, and also in view of the slower economic growth ahead, the increase in Government expenditure and the expenditure on social security provisions must be smaller than planned earlier," the statement said.

As regards the 1976 budget, the new Fls.3bn. reflationary package, of which Fls.550m. will bear on the 1977 budget, brings the total economic injection announced by this cabinet to some Fls.7bn. The newest package extends most of the present year's tax and social premiums relief and investment facilities into 1976. The Government is now taking over a large share of employers' social premiums to cut the rise in labour costs.

The package has disappointed Dutch industry as the Government has again refrained from taking general measures to ease the pressures which are eroding company profits and to stimulate investment substantially. The measures instead include a large fund for supporting basically sound companies suffering temporary liquidity problems, massive aid for the building sector, some improvement of investment facilities outside the Randstad area and general measures to improve the labour market. The 2 per cent. rise to 18 per cent. in VAT will not now come into effect until July 1, 1976.

As an independent measure, the Government has allocated a maximum of Fls.500m. for a fund from which it can supply subordinated loans to industry. It was stressed by the Finance Minister that this does not herald a state participation programme although the Government will want to exert some control of companies it assists.

According to to-day's budget proposals, expenditure in 1976—excluding cyclical measures—will rise 17 per cent. to Fls.72.8bn. with the volume increase being put at 8 per cent. Including the cyclical stimulation measures, expenditure goes up 18 per cent. to Fls.77.9bn. (volume increase 9 per cent.).

Dr. Duisenberg said in the memorandum on his budget that the Government's policy on wages and prices aimed at limiting the wage rise to 9.5-10 per cent. next year. The increase in the cost of living was expected to be limited to 7.5 per cent. to 8 per cent.

The memorandum said that now it had been decided to try to achieve a growth of income of "at least 3.75 per cent," a prerequisite was a reversal of the inflationary trend. There would have to be a slowdown in the rise of public expenditure and there would have to be consultations with Parliament and the social partners on this year. "For the time being, the Government is taking as a guideline a limitation of the structural rise in the public sector burden to around 1 per cent. a year, enabling a modest rise in employees' real disposable income," it was stated.

The central plan bureau in The Hague, the Government's official "forecasting office" on which it bases much of its economic policies, expressed considerable gloom about a quick recovery of the Dutch economy in its macro-economic reconnaissance published to-day.

Production

It said that the relatively weak structural position of Dutch industry in terms of profitability and liquidity which had grown over the past few years would hamper the forecast economic recovery. Despite the slight upturn in the second half of next year, industry's volume of investments would still be substantially below 1975 while employment would continue to rise be it at a slower rate. Company production will not return to the average 1974 level until the first half of 1976.

Soviets 'are not advising' Nato

BRUSSELS, Sept. 16

THE SOVIET Union is holding major military manoeuvres without first advising the Nato nations as provided by the European security conference declaration, informed sources sai dto-day.

The sources said that Nato has sent several messages to Moscow saying that the Alliance was about to conduct manoeuvres. Moreover, the West German Government last week invited the Soviet Union, as well as its Warsaw Pact partners, to send observers to a six-day exercise codenamed Certain Trek beginning in Bavaria on October 14. The sources said that the Russians and East European countries had not responded to the invitation. Reuter

Wilson speaks out on detente

BUCHAREST, Sept. 16.

BRITISH Prime Minister Harold Wilson called on Communist governments to-night to give meaning to detente by easing restrictions affecting ordinary people. He said the work of the European security conference in Helsinki six weeks ago would not be judged only in a spirit of live-and-let-live.

It would be "juged also by how that spirit comes increasing- how that spirit comes increasingly to be reflected in the lives of ordinary people," Mr. Wilson told Romanion Government leaders at a State banquet. Mr. Wilson, winding-up the first day of a three-day visit to Bucharest was answering a welcoming toast from Romanian President Nicolae Ceausescu.
Reuter.

Commission wine move defuses Italian threats

BY ANTHONY ROBINSON

ROME, Sept. 16.

THE EEC's decision that the French Government acted illegally by imposing a 12 per cent. border tax on imported Italian wine appears to have successfully defused Italian threats to impose counter measures on imports of French goods into Italy.

The Italian Cabinet meeting scheduled for to-day to discuss such measures was cancelled, and there is considerable satisfaction in official circles that Italy has been officially recognised to be the injured party in this dispute.

From the Italian wine producers' point of view the most important aspect of the Commission's general approach to the conflict is the recognition of the need for a more global approach to the question of Community wine surpluses and the need to expand potential markets rather than take the more restrictive line of reducing production or increasing distillation.

Italy is the largest producer of wine in the Community, but much of it is sold in bulk for blending purposes. The latest crisis, however, appears to have brought an increasing awareness to Italian producers that they may have to improve both quality control and marketing methods

'Save Venice' competition

ROME, Sept. 16.

THE ITALIAN Government opened an international competition to-day for projects aimed at checking tidal waters threatening to flood Venice. The Public Works Ministry said the tender was open to persons and groups from all nations. It set July 31 as the deadline for submitting projects.

The Venice problem is a combination of its lagoon site and the sinking of the islands on which it stands. Recently, however, the National Research Centre said tests have shown signs that the sinking process may have slowed considerably.

To-day's announcement said the projects should provide for a narrowing of the canals linking the lagoon and the Adriatic while ensuring they are wide and deep enough for shipping. AP-DJ

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

HOME NEWS

Standard Telephones cuts cable making labour force

BY CHRISTOPHER LORENZ

EMPLOYEES of the telecommunications industry yesterday received a new blow when one of Britain's major telephone cable makers announced an 11 per cent. cutback in its labour force and warned of more reductions next year.

Standard Telephones and Cables blames a long-term decline in the market rather than the industry-Post Office row over cable contracts for the need to reduce by 250 its cable making labour force at North Woolwich and Newport, Gwent.

Mr. Peter Thew, STC's general manager telephone cable operations division, told employees that some progress had been made in resolving the disagreement between the telephone cable industry and the P.O. But he thought that it would be some weeks before any new orders were placed, and even then, these would be at lower levels than in the past.

The longer-term situation was still under review, but the indications were that in a declining market, further reductions were likely to be necessary in 1976, STC said. In 1974-75 the P.O. spent £50m. on the purchase and laying of cables.

STC's cutback is expected to herald similar moves by other telephone cable companies. None would forecast redundancies last night, but Telephone Cables, employing over 1,000 and part of the GEC group, confirmed STC's analysis of the market situation. The company has already cut its labour force through natural wastage.

BICC, which employs 3,000 people on telephone cables, said that the trading recession, a decline in telephone traffic growth, and increases in P.O. tariffs must "affect significantly P.O. orders of cable in the immediate future. But it could not yet assess whether this would have an appreciable impact on employment.

The P.O. is understood to intend to continue spending about £50m. a year in constant price terms once the current contract dispute is resolved, but since installation costs are rising, this is likely to include a rising proportion of in-house work, and fewer orders to suppliers.

Meanwhile, the trade unions were assessing yesterday's report of a P.O. warning that this year's telephone exchange orders could possibly total as little as £86m., or 14 per cent. below the forecast of only three months ago.

GEC has already announced 4,800 job cutbacks, and on Merseyside, Plessey was reported to be preparing an announcement for later this week.

Lorelies Olslager writes: Mr. Roy Sanderson, national officer of the Electrical and Plumbing Trades Union and secretary of the union side in the telecommunications sector, reiterated the unions' determination to resist any redundancies or closures until they had had the opportunity to put their case to the Government.

The unions want Post Office orders restored to 1973 levels. "We are deeply concerned that the position appears to be even worse than we initially feared," Mr. Sanderson said.

In the unions' view, the Government should now "gradually start reflating in those areas of the economy where it makes sense, such as the telecommunications sector," he added.

Plessey orders Page 4; BICC figures Page 34; Lex Page Page

Tootal to close plant

TOOTAL, the Manchester-based textile group, is to close its Conlowe garments subsidiary at Congleton, Cheshire, from October 10, the company announced yesterday. It is hoped that most of the 135 people at the plant will be found jobs in other Tootal clothing factories in Northwich, Sandbach, and Stoke on Trent.

The closure was blamed on the general textile recession which has caused a significant cutback in U.K. demand for clothing products.

Poor demand was also blamed for a further cutback announced yesterday by J. & P. Coats of Paisley, part of Coats, Patons, which will be reducing working hours for several hundred employees at its thread mills in Paisley in Scotland from four days to three. About 200 part-time workers are also to be laid off for periods of up to five weeks.

Meanwhile Ilford, the photographic material and equipment manufacturer, has told nearly 3,000 of its U.K. employees that many of them face being laid off for up to six weeks starting in October.

The company, a wholly owned subsidiary of Ciba-Geigy, said it was making a statement to employees about the possibility of lay-offs following a spate of rumours. The contingency plans are the result of what Ilford describes as unusually high stock levels and involve the temporary closure of the greater part of film production and activities at two U.K. plants in Brentwood and Basildon, Essex.

The company says there is no evidence that actual worldwide consumption of its products is falling but that the manufacturer rather than the retailer is having to act as stockist. Administrative and production staff could be affected for up to six weeks.

Craig plan dominates meeting

BY GILES MERRITT

BELFAST, Sept. 16.

VANGUARD LEADER Mr. William Craig's proposals for an emergency coalition Government continue to dominate discussions in Northern Ireland.

Yesterday's rejection by Mr. Craig's own party of any emergency pact embracing leaders of the mainly Catholic Social and Democratic Labour Party would appear to have made the scheme a dead issue, but it dominated to-day's special policy meeting of the United Ulster Unionist coalition.

The meeting is understood to have decided that although Mr. Craig will not be allowed to introduce a motion supporting emergency coalition at the Thursday caucus of the UUUC's 46 Convention members, he will be allowed to move that the UUUC rescind its near-unanimous decision of Monday last week turning down the idea.

The SDLP has stated that it will not agree to a new round of inter-party talks with the UUUC unless the Loyalists guarantee that coalition would be discussed positively. In the present mood, it is unlikely that any such pledges will be made.

Mr. Craig's motion on Thursday could well be so scornfully treated that he is forced once again to resign his leadership of the Vanguard Convention Party.

Although Mr. Craig's bid for an emergency government, which he clearly intended to head himself, has evidently failed, the unsettling effects of his power struggle with Democratic Unionist leader the Rev. Ian Paisley still threaten the stability of the Unionists' three-party coalition.

In protest against Mr. Craig's recent conduct, the UUC's sole independent Convention member, Mr. Frank Millar, to-day resigned from the coalition.

August cheque clearings up 8.2% on year

BY DONALD MACLEAN

CHEQUES HANDLED by the Bankers' Clearing House in August were valued at £133.4bn., or 8.2 per cent. more than in August, 1974.

This was a faster rate of growth than that averaged earlier this year—with increased turnover in the Town department, which handles the large financial business of the City, more than offsetting reduced expansion in the General department.

Over the first eight months of the year, business totalled £1,197.5bn., for a gain of 5.9 per cent.

INTER-BANK CLEARINGS AT BANKERS' CLEARING HOUSE

	August, 1975 £m.	August, 1974 £m.	Change %
Credit clearing	1,661	1,496	+ 11.0
Debit clearing:			
Town	118,864	110,625	+ 7.4
General	14,537	12,633	+ 15.1
Debit total	133,401	123,258	+ 8.2
	Jan.-Aug., 1975 £m.	**Jan.-Aug., 1974 £m.**	**Change %**
Credit clearing	14,193	11,933	+ 18.9
Debit clearing:			
Town	1,074,749	1,025,769	+ 4.8
General	122,784	105,326	+ 16.6
Debit total	1,197,533	1,131,095	+ 5.9

IN BRIEF

Guernsey closure

The Bank of America has closed the Guernsey office and is to consolidate its Channel Island business in Jersey because the volume of international business does not support the need for offices in both islands.

Lucas for France

Lucas Industries and the Thomson-Brandt group have created a new company, L'Electrique Thomson-Lucas, aimed at the automotive electronic equipment market in France.

More Cumbria jobs

More than 1,000 new jobs will be created in Cumbria over the next five years by £200m. developments at the adjoining Windscale and Calder works of British Nuclear Fuels to meet growing requirements for the reprocessing of nuclear fuel.

Clydeside deal

Scott Lithgow, the Clydesdale shipbuilding group, has agreed to a joint venture with Compagnie Francaise d'Entreprises Metalliques to build multi-million pound steel structures for the North Sea oil industry. Scott Lithgow hopes the structures will preserve thousands of jobs in its yards.

Export guarantee boost for Meriden

By Peter Cartwright, Mi[...] Correspondent

BRITAIN'S teetering [...] cycle industry received [...] boost yesterday. Proble[...] providing export guarante[...] lities for the Meriden c[...] ative near Coventry hav[...] resolved and Norton [...] Triumph factory at Birmi[...] will be going back to a [...] week after this week's ho[...]

With NVT's Wolverh[...] plant making Norton [...] mandos and industrial [...] in the hands of a provisio[...] ceiver and the Small [...] Birmingham, factory [...] Triumph Tridents on a [...] week, the future of the i[...] has seemed to rest on M[...]

But for several weeks [...] had to stockpile Bon[...] largely because NVT—w[...] contracted to sell the m[...] for the first two years—h[...] engaged on negotiations o[...] £6m. Export Credit Gu[...] Department facility arra[...] the Government for [...] output.

So far NVT has tak[...] machines for the home [...]—which is enjoying a re[...] demand for two-wheel t[...]—and expects now to be[...] ing 500 already created [...] American and Canadia[...] kets. As many more for [...] are in various stages [...] struction.

Because of NVT's p[...] ancial situation, Meride[...] like to renegotiate the [...] sale agreement, which [...] at the end of July, so [...] could take over sales [...] tribution if NVT collaps[...]

New engine

Mr. Geoffrey Robins[...] former chief of Jagu[...] who left after disagree[...] the Ryder committee's p[...] and who was instrumenta[...] viding the co-operative w[...] mercial credibility, has [...] to Meriden for the nego[...]

At Wolverhampton, t[...] ex-employees who are co[...] to picket the plant are [...] their hopes on a new [...] the patents of which s[...] by two former emplo[...] NVT's design and deve[...] department.

While Mr. Eric Var[...] dustry Minister, has pro[...] consider proposals put [...] by the Workers' Action [...] tee, it appears unlikely [...] Government will injec[...] money. However, sponso[...] engine are confident tha[...] can be found.

Midland Ba[...] to market o[...] unit trusts

By Eric Short

MIDLAND BANK is t[...] its own unit trusts th[...] 3,000 British branches. [...] announced yesterday [...] group unveiled its p[...] Drayton Unit Trust Ma[...] company acquired w[...] group took over Samuel [...] in March last year.

"The company is now [...] subsidiary of Midlan[...] Trust Company with [...] changed to Midland Ba[...] Unit Trust Managers. [...] sent five unit trusts ma[...] the company will be [...] Midland Drayton Unit [...]

The range of trust[...] most equity investment [...] ments, including a capi[...] income trust, growth [...] international trust and [...] modity and general un[...] The investment has a [...] international bias.

The choice of units [...] to the investor is to be [...] by offering both dis[...] units and accumulatio[...] under which income [...] invested. A share [...] scheme and regular savi[...] are also available

The group also announ[...] agreement had been [...] with the Prudential A[...] Company for the latter [...] life policies linked to [...] Drayton units.

Appointments, Page

Call to nationalise drugs compan[...]

BY RAY DAFTER

THE LABOUR PARTY is likely to urge the Government to acquire, through the National Enterprise Board, a major stake in an important pharmaceutical company.

A report from the party's study group on the drugs industry, which is likely to appear as an official Labour Party discussion document, suggests that a research-based British-owned company with a substantial pharmaceutical interest should be chosen by the NEB.

This company, it is argued, would then set an example to the industry in general. For example, it would be expected to pioneer "a much needed improvement in the methods of giving objective information to the medical profession." By providing the Government with information on its own costs it would also act as a check on the information given by competitors when negotiating drug prices with the Department of Health.

Monopoly power

In addition, it is suggested, the Government could contract with the company to carry out long-term research into drugs, which although socially important, are unlikely to be a commercial success.

Finally, the company might be granted licences to manufacture the patented drugs of other companies where it is felt that a monopoly power is being abused. In this way, it is argued, the NEB company could introduce a more effective element of competition into the industry.

Although it would have no interest in frequently "pirating" the patents of others, its existence *in terrorem* would help to dissuade others from making abnormally high profits on a particular drug.

In spite of the pressures which these various proposals would put on the selected company, the working party's report emphasises the need for it to operate commercially. "It is essential that this company is not placed at a commercial disadvantage in competition with other companies, particularly those in foreign ownership."

Headed by Dr. David Owen, Minister of State for Health, the study group has been meeting for over a year. No details of its findings have yet been published, although the annual report of the Labour Party states that the group hopes to publish its findings in the early autumn. The report has still to be discussed by the Party's industrial policy sub-committee next Monday and by the home policy sub-committee after the annual conference starting at the end of this month.

The annual report states that when published the document will cover "proposals not only for public participation in the manufacturing side of the industry but also other related matters such as patents, pharmaceutical research and sales promotion techniques."

The still-secret report does not identify which company should be used for the NEB exercise, other than to state that seven major British-owned groups are research-based. Consequently likely contenders are: ICI, Beecham, Glaxo, Boots, Fisons, Burroughs Wellcome and Reckitt and Colman.

This report should carry considerable weight in the party as apart from Dr. Owen, the committee includes such political heavyweights as Mr. Anthony Wedgwood Benn, Mrs. Barbara Castle and Mrs. Judith Hart.

While the proposals, if adopted by the party and possibly the Government, would be fought strongly by the industry (particularly by the selected company) they do represent a substantial climb-down from much tougher measures which have been canvassed in the past.

Successive Labour Party conferences have urged effective public control of the industry. It was proposed in the 1971 economic strategy statement to the annual conference, in Labour's Programme for Britain 1973 and in the February, 1974 election manifesto.

Research

It has generally been accepted in Government and union circles, however, that outright nationalisation of the industry would be impracticable, partly because of the international spread of companies in the U.K. industry and partly because drugs research and manufacture usually make up only a part of a c[...] business.

The report concedes [...] U.K. pharmaceuticals [...] makes a valuable cont[...] in terms of both export[...] rose from £140m. to [...] between 1970 and 197[...] research (£45m. was s[...] 1974, two-thirds by Britis[...] companies). It also acce[...] the Voluntary Price Re[...] has played a part in r[...] the industry's profitabili[...] a 27 per cent. return [...] to 17 per cent. in 1973.

Nevertheless, the [...] party is uneasy about [...] facets of the industry, [...] larly the way patents a[...] for commercial protecti[...] way the industry promo[...] products and the lack of r[...] into non-commercial drug[...]

Consequently, the gr[...] recommending that pate[...] should be reduced rathe[...] increased, as currently p[...] in a Government White [...] The Voluntary Price Reg[...] Scheme should be amende[...] statutory backing" to give [...] profit regulation, the grou[...]

Furthermore, it is fel[...] there should be sw[...] changes in the promotio[...] advertising of drugs. The [...] wants the issue of gift [...] samples to be stopped, if [...] sary by legislation. It wa[...] overall cost of promotion [...] reduced and a statutory c[...] on the content and prese[...] of advertising. "Products [...] have been replaced by dr[...] greater effectiveness shou[...] be advertised at all."

هكذا من الأصل

Oil rig chief rejects Ross's North Sea reassurance

CHRIS BAUR, SCOTTISH CORRESPONDENT

HEAD of an American oil ...porating company has re... a senior Minister's re...ance about North Sea oil ...ertainty."

...William Ross, Secretary ...ate for Scotland, claimed there was no uncertainty ... that the Government's ...es on taxation and State ...ipation had been "laid on ...ine."

Mr. A. J. Laborde, chair... of Ocean Drilling and Ex...ion Company (ODECO), ... that oil companies were ...ning to "pull back" as ... awaited clarification of ...pment plans for the indus... His own company was ...ing its North Sea commit... from six to four rigs in ...oming year.

...clash of views came at ...ternational oil conference ...rade exhibition "Offshore ...e '75" in Aberdeen. ...ning the conference, Mr. ...attempted to reassure oil ...tors

...recent weeks, he claimed, ...had been "fair indica... that investment was ...ahead in the U.K. sector. ...of the companies which ...omplained loudest "have ...ed their tune," he said.

...Ross told the conference ...he settlement reached on the detail of the Government's proposed 45 per cent. Petroleum Revenue Tax had helped to remove uncertainty about developers' right of financial return. It "cleared the way for future decisions."

On the proposed 51 per cent. Government stake in oil resources through the British National Oil Corporation, Mr. Ross said: "By participation we mean partnership on terms which leave companies no better and no worse off financially." The Government was encouraged by the fact that already six companies had accepted the principle of State participation.

The clear message from the Government's handling of its oil policies was that it and the oil companies "can plan confidently for the future."

Definite downturn

His comments may be seen as a reply to those made in Aberdeen last week by Mrs. Margaret Thatcher, Opposition leader. On a visit to Scottish oil locations—during which she committed a Conservative Government to de-nationalise any North Sea operations taken over by the present administration—Mrs. Thatcher was critical of uncertainty produced in the industry by the Government's participation plans.

The Minister's message, however, was contradicted by Mr. Laborde, whose company is one of the world's largest offshore contractors. He said there was a definite downturn in North Sea activity. His company, which was reducing its North Sea commitment from six to four rigs in the next year, was one of a number which were "pulling rigs out."

Some oil companies, he claimed, appeared to be delaying North Sea development as part of a deliberate negotiating tactic with the Government. Major oil companies were "curtailing operation and tightening budgets" while they awaited Government moves both in this country and in other oil-producing areas.

Mr. Laborde also spoke of a surplus of offshore rigs—"a necessary though bothersome result of the near-orgy of rig-building in which we were recently engaged with the encouragement of our customers."

Many new rigs had been commissioned by newly-created contractors "who were persuaded to believe that the boom would last forever and whose principal qualifications for the business were courage, naiveté and a good line of credit." The offshore contracting industry was therefore approaching a period of severe competition.

Unemployment crisis theme of Ministers' talks next month

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

INCREASING CONCERN about the effects of Government policy on employment and job prospects in the West Midlands will be put to two senior Ministers at top level talks with planning, industrial and trade union organisations.

The "engineering workshop of the country" has been harder hit than almost any other region, and to-morrow's unemployment figures are expected to underline the rapid deterioration.

Redundancies in the motor and associated component industries were largely responsible for July's jobless total running into seven figures for the first time since the war.

A continuing contraction in employment is expected to widen the gap which has placed the West Midlands' percentage higher than the national percentage — again for the first time since the end of the war. In Coventry unemployment at last month's count was just over 7 per cent. and this seems bound to increase as redundancies at GEC and the British Leyland car factories take effect.

In Birmingham and the Black Country, Norton Villiers Triumph is running down its work-force at its Birmingham and Wolverhampton motor-cycle factories from more than 3,000 to a few hundred. And now the jobs of 600 Jensen car workers are also in jeopardy.

Lucas, GKN, Wilmot Breeden, Automotive Products and dozens of other suppliers to the motor industry have been running down their work-forces and have dropped even further back on short-time working.

Vauxhall launches cheap version of the Viva

BY TERRY DODSWORTH, MOTOR TRADE CORRESPONDENT

FOLLOWING FORD'S example with the launch of its cheap Popular Escort, Vauxhall to-day announces a cheaper version of its Viva model, the Viva E.

The car will sell for £1,399, £139 less than the previous lowest priced Viva. Vauxhall says that both the company and its dealers are taking reduced margins on the vehicle.

However, unlike the Escort, the Viva E will have only a limited production run, thus acting as a medium-term incentive in much the same way as the recent Viva S. Vauxhall would not say yesterday how many models of the Viva E it will make.

The Viva E shares its body style with the Vauxhall Magnum coupés, and compared with the Viva de luxe, will have no heated rear window, and less exterior bright metal.

However, it retains reclining front seats, and front seat belts in the price, and will be available in three colours.

Concern over cost of SE's computers

By Margaret Reid

CONCERN about the cost burdens which the Stock Exchange's £10m.-plus computerisation programme involves for member firms has been voiced by a leading stockbroker, who also calls for higher commission rates to safeguard brokers' profits.

The points are made by Mr. Charles Vaughan-Lee in his annual statement as chairman of J. & A. Scrimgeour. His comments probably also reflect anxiety in some other market quarters about the impact of computer development costs.

He says that, although his own firm's profits have been satisfactory since the start of the present financial year, Stock Exchange turnover has fallen to a level where there is little, if any, margin to cover further cost increases.

"We therefore view with some concern the proposals to place heavier burdens on the membership to pay for the expense of continuing the expansion of the Central Settlement Services," he says.

"The decision of the Council of the Stock Exchange to continue to further develop the computerised settlement makes it absolutely essential in our view that there should be an increase in commissions, so that the profit margins on business are not eroded during the inevitably lengthy development period which must elapse before the intended economies of scale eventually result."

The first stage of the computerisation project, likely to cost an ultimate £10m.-£12m. or more, is already in operation, but the second, concerning bargain accounting, is likely to be delayed some three or four months because of problems. The more ambitious TALISMAN stage would follow afterwards.

It is planned that the servicing of the capital costs should be met out of revenue.

Scrimgeour, whose organisation was much streamlined last year, reducing its staff to 170 from 276 in 1973-74, made a pre-tax operating profit only modestly lower at £235,000 in the year to May 31, 1975, against £268,000 in 1974-75. But this outcome masks a sharp upturn in the last five months, when the stock market climbed sharply in brisk conditions.

The ultimate net profit was £985,000, after tax and other adjustments, the most important of which was a net extraordinary credit of £863,000, resulting from the sale of the Mansion House Place premises.

Men and Matters, Page 14

NEDO head's call to improve industry

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

A MAJOR non-partisan programme for improving U.K. industrial performance over the next four or five years was called for yesterday by Sir Ronald McIntosh, director-general of the National Economic Development Office.

The programme would give clear priority to the needs of the manufacturing sector of the economy, but also embrace other activities "such as agriculture and shipping, which directly add to the nation's wealth," Sir Ronald said.

Sir Ronald, addressing overseas economic representatives in London, was elaborating on ideas developed gradually this year in the exchanges between the TUC, the CBI and the Government at monthly meetings of the National Economic Development Council.

As reported at the beginning of the summer, both TUC and CBI had called for a strengthening of Neddy's role in the economic planning process, and Mr. Healey, the Chancellor, responded with a promise of a detailed paper on how the Treasury saw the medium-term outlook for the economy in the next three to five years.

Sir Ronald said yesterday that a "carefully worked-out" programme should be "so far as possible insulated from party political controversy" and "have as its objective a substantial improvement in our industrial performance by 1980."

The need for industry to be prepared for the next upturn in world trade has been a constant theme of Neddy meetings this year, and has been emphasised by Mr. Healey.

A "non-partisan" approach has also been called for on occasion at these meetings. The desirability or otherwise of removing some economic and industrial decisions from the political arena began what became a public row between Mr. Anthony Wedgwood Benn, then Industry Secretary, and Mrs. Shirley Williams, Prices Secretary.

Sir Ronald conceded yesterday that making the case for such medium-term goals as new investment and higher productivity was hard for individual managers and union leaders during a recession.

"It needs a collective effort to engender the necessary confidence and vision."

He said the sort of programme being advocated "could, in my view, provide the sense of purpose we need to carry us through the difficult months of recession which lie ahead."

Fresh North Sea find by Conoco-NCB-Gulf Group

ADRIAN HAMILTON

CONOCO/NCB/Gulf exploration group has made another ... the North Sea. Its latest ...ery, on block 15/30 to the east of the Piper Field and ...of the Andrew Field, is of ...d condensate and has been ...in an unusually deep well ...to 14,000 feet.

...this stage it is difficult to ...ret the importance of the ...ery. Although the well ...ested at reasonable rates ...55m. cubic feet per day of ...nd 3,065 barrels of conden...er day, the structure is not ... while the deeper horizons ...ally tend in this area to ...less attractive producing ...

...condensate fields also ...at problems in development ... the gas production can be ...nto a joint pipeline system ...e shore. Market value of ...ensate, a light oil suitable for petrochemical manufacture, is limited at present.

The find is undoubtedly interesting from a geological standpoint. Although Conoco is saying little about it, its statement yesterday suggested that the producing zones were at considerable depth and that the gas and condensate had been tested from strata that were little explored to date.

If so, this would certainly add interest to an area of the North Sea where recent discoveries at 21/1 and elsewhere, while not huge in themselves, are tending to reveal a geological picture of considerable variety and complexity in which numerous oil and gas prospects exist.

The latest find has been made 23 miles north of the big Forties Field, which is due to start delivering oil in November.

The Conoco group, which recently made an important oil find in block 211/19, includes the National Coal Board with a 33⅓ per cent. interest. The NCB's North Sea interests are scheduled to form the basis of the new British National Oil Corporation now being established under the chairmanship of Lord Kearton.

The Norpipe Petroleum Group developing the oil pipeline system from the Ekofisk Field off Norway to Teeside in the U.K. has signed two Eurodollar loan agreements for $275m. with a group of international banks headed by Citicorp International Bank and Societe Generale de Banque.

The proceeds of the eight-year loan, reported earlier this year, will be used to complete construction of the Teeside storage and processing facilities.

Grand Met in link with Middle East group

BY ARTHUR SANDLES

GRAND METROPOLITAN Hotels is setting up a jointly owned company with Middle Eastern catering group, Albert Abela, to manage a series of hotel developments in the Eastern Mediterranean and Arab world.

The company will link Albert Abela's local expertise, particularly in the industrial catering field, with Grand Met's abilities in hotel management and general catering. The venture will involve little financial outlay by Grand Met.

Projects involved are in Beirut, Teheran, Amman, Cairo, Damascus and other Middle Eastern centres. The first will be the Abela Hotel in Beirut. This eight-acre complex which will include luxury chalets, restaurants, a night club, sports facilities and a marina.

The Albert Abela group, based in Beirut, was formed in 1948 and has extensive catering interests throughout the Middle East.

Xerox 800 typewriter to challenge IBM

BY ROY LEVINE

A MAJOR diversification for Rank Xerox was announced in London yesterday with the launch of its Xerox 800 Electronic Typewriter. This brings it into the important editing typewriter market and into direct competition with IBM which has been marketing its magnetic tape typewriters under the "word processing" banner.

The autumn launch of the Xerox 800 in the U.K. follows the first showing of the machine in Europe at the Hanover Fair in Germany in April. Test trials have now been completed in Munich and the machine is being sold in Germany. It was also launched in Paris last week.

At the London launch, Mr. Hamish Orr-Ewing, managing director of Rank Xerox U.K., said: "This marks a major step in a development programme whereby our company is diversifying from being the leader in the specialist field of Xerography.

"The Xerox 800 is a new electronic typewriting system which operates at twice the speed of comparable equipment now available on the market."

● In the U.S. and Europe IBM holds the predominant share of the "word procesing" markets. Yesterday IBM U.K. announced an addition to its range, called the Memory Card Typewriter which combines both an electronic memory and magnetic card storage.

The machine, manufactured in Amsterdam, will be sold in the U.K. at £5,589 or for a monthly rental of between £144.28 and £126.70 depending on the term.

At the same time IBM U.K. has announced a new dictation system using cartridges instead of the magnetic belt on its existing range. The IBM 6:5 Cartridge Dictation System, launched in the U.S. in March, could be a bid by the company to increase its small share of the £12m. market in the U.K.

Many options, Page 10

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SHIPPING

Advanced marine turbine goes ahead

WITH OVER 1,100 engines of its type in service, the RB 244 advanced marine gas turbine is going into phase two of its development with detail design of both the engine and of the SMIA propulsion module, coupled with component testing now under way. This follows two years of feasibility studies on the gas generator and its associated propulsion gear.

RB 244 is derived from the RB 168-66, supplied in large numbers by Rolls-Royce (1971) to the U.S. airforce and navy for use in the LTV A7 Corsair.

It is intended for marine application, not only in warships as main propulsion or cruise unit, but also in high performance craft and displacement vessels.

Meeting the need for an intermediate engine between the massive Olympus (28,000 bhp) and the Tyne (5,340 bhp), RB 244 will develop 15,000 bhp maximum continuous and 19,000 as its sprint rating.

Designers are seeking to make as few changes as possible compatible with the exacting requirements of the marine environment. Testing has started on the combustion system for marine diesel fuel and a new low pressure compressor is being designed to give better efficiency at medium powers.

Modularity will be a key point, this having been proved viable with the above-mentioned engines in fleet service. RB 244 will follow this layout with engine change units incorporating gas generators which are mechanically free of the power turbine.

Access to the power module will be made available and the enclosure is designed to be complete with all engine services, including fire protection, lighting, power and compressed air points. The module for the first engine will be fully equipped and tested at the Rolls-Royce factory at Ansty, near Coventry, before being supplied to the shipyard for installation on board a warship.

The module will be supplied for direct coupling to the ship's gearbox, or if required, the baseplate can be extended to accommodate the gearing, to simplify the ship's engineering. The module will be constructed for ease of maintenance and for quick and simple removal of the gas generator by the ship's crew when overhaul is required.

Rolls-Royce (1971), Industrial and Marine Division, P.O. Box 72, Anstey, Nr. Coventry CV7 9JR. 0203 613211.

● NORTH SEA OIL

Camera for hazardous areas

FLAMEPROOF, an industrial television camera for use on offshore oil production platforms has been given provisional approval to permit its use in division one and division two areas in oil and gas rigs, where explosive mixtures are likely to be encountered.

The new camera, the V0091, is produced by Marconi's electro-optical systems division, at Basildon, Essex, for use in surveillance and process control. It can monitor hazardous areas, such as those inside gas compressor modules and near separators and processing plant. Its use can enable several locations to be monitored simultaneously, including those where it is too time-consuming or dangerous to send an observer.

BASEEFA (British Approvals Service for Electrical Equipment in Flammable Atmospheres), the industry's safety authority, has already approved the design of the V0091 and has accepted the camera for testing.

The petroleum engineering directorate of the Department of Energy has expressed encouragement for the camera's immediate incorporation in complete monitoring and process control systems under development for oil and gas rigs. The V0091 is the first industrial television camera to receive this provisional approval and is expected to get full certification this year.

Marconi Elliott Avionic Systems, Airport Works, Rochester, Kent. Medway (0634) 44400.

● COMPUTERS

Moves in micros

A FULLY functioning microcomputer system based on the CP-1600 16-bit microprocessor is being offered by General Instruments Microelectronics to enable potential customers to evaluate the microcircuit. It also seems to indicate that the company has in effect become a completed computer supplier.

GIC 1601 microcomputer has 8,000 words of random access and 3,000 words of read-only memory and is to be sold at a one off price of £1,379. The company claims that the 16-bit format, 400 ns cycle time and 87-instruction set make it ideal for high precision, high performance applications. It is stated to have a throughput some five to ten times faster than comparable systems at a cost significantly less than general purpose microcomputers.

If desired the individual cards (processing, input-output, console interface) can be purchased separately. Price, for example, of the microprocessor card alone is £213.

Also recently announced is an agreement between Rockwell International and National Semiconductor in which each becomes an alternative competitive source for the other's microprocessors. By giving customers assurance of supply continuity, the two companies expect to increase their total market.

This small electric chain hoist, from which is suspended the load chain encircled by a helical, flexible, rubber control cable, is available in two capacities—50 or 80 kg. The chain terminates in a one-handed (left or right) push-button control unit with a built-in self-locking chuck. The chuck will accept a variety of attachments, including a safety hook, automatic grabs and magnets. Maximum lift for either models is 2.8 metres. It can be suspended from an I-beam or track for horizontal travel, or it can be used with a pillar slewing jib as a crane. The maker is Demag Material Handling, Beaumont Road, Banbury, Oxon. (0295 4555).

● TEXTILES

Tweed loom for speed and quality

CLASSIC traditions of hand loom weaving in the Western Isles of Scotland demand a loom which is driven by a pair of pedals which somewhat resemble stirrups on a saddle. This is a slow process and demanding of considerable effort to project the shuttle, containing the weft yarn, to and fro across the shed of the loom.

Preparation of small bobbins of weft yarn is also a time-consuming job and each time a bobbin is changed some yarn is wasted. Some of the crofters in the Isles have been "cheating" by fixing small electric motors on their looms to assist weaving, but if caught they risk being deprived of yarn supplies by the Harris Tweed Association and certainly they cannot call their fabrics Harris Tweed and claim it is woven on hand looms.

This, however, is likely to change in the future if the industry is to survive and it may well be that one will see the labelling of these fabrics in future, describing the fabrics as say "Woven by crofters in Harris" or anywhere else, without mention of the type of loom.

Recently a new British loom builder—the first in over 30 years—has appeared and introduced a completely new loom which could have a great impact on the classical "hand loom" weaving industries of say Scotland, Ireland and elsewhere. The company is Macart Textiles (Machinery), Laycocks Mill, 162-172 Thornton Road, Bradford, West Yorks. BD1 2JG. (0274 22183) and the loom it is making, eliminates the shuttle, replacing it with a flexible rapier. It is also powered by a small electric motor.

The new rapier loom is built in widths between 1600 and 3400 mm., and it occupies considerably less floor space than other types of looms.

The cloth constructions that can be woven on the new loom are diverse and one version has a positive dobby with up to 24 shafts, with fully reversible needlework, while an alternative is offered in the form of a positive cam arrangement with up to 14 shafts. There is electrical reversing for pick-finding on both models.

Weft insertion is provided by what are known as unguided flexible rapiers that "kiss" in the middle of the shed and transfer the weft from one to the other. This system allows a wide variety of different yarns to be woven without adjustment. Tiny little weft cops used in shuttles are replaced by large bobbins of yarns shipped direct from the spinner and needing no rewinding.

The loom has a weft selection system that allows up to eight colours to be woven, with the colour (or style) of yarn being set by a plastic card in a simple reader mechanism which is adjacent to, and synchronised with, the dobby.

An initial order has been taken for the new loom and it is expected that early delivery will allow Macart to prove the new loom industrially and demonstrate that this could be a major step up in productivity by the weavers of the Isles, but without in any way detracting from cloth quality, character, etc., other than, perhaps showing an improvement in overall quality of the fabrics that have for generations been woven by a process that has little changed in more than a century.

● COMPONENTS

Sees metal difference

PROXIMITY SWITCH S-247 introduced by Elliott Relays is able to detect one metal in the presence of others. Typical example might be the presence of an aluminium can on a steel mandrel.

Made by the Eldec Corporation, the unit has a sensing distance for non-ferrous metals of about 0.20 in. where the target thickness is a minimum of 0.002 in.

The S-247 is a heavy duty switch designed for industrial environments. Response time is less than three milliseconds and a switching rate of 20,000 cycles per minute is combined with excellent repeatability for rapid processes. Other features are reverse polarity protection and working temperature range of −40 to +180 deg. F. The load rating is 100 mA and the operating voltage can be 12 or 24 V dc. More from 70 Dudden Hill Lane, London NW10 1DJ (01-459 8070).

● OFFICE EQUIPMENT

Typewrit gives man options

THE U.K. text p market has been atta Rank Xerox with the tion of the 800 electro writer, a machine v claimed to be twice a its nearest competitor a costs £120 to £173 a rent on a two-year cont

The system is ba typewriter plus stor control electronics. typed a quick versior document, the typist alter what is in the almost any way desi example, mistakes ma typing a line can be by back-spacing and ty Alternatively a specific be recalled and a com passage substituted When perfected the m then typed automatica characters/sec. Re-dra reading, multiple re similar letters, and addressing can all be e

There are only 1 parts in the typewrit uses an interchangea wheel for different ty In the automatic mode alternate lines b eliminating time con carriage return.

Four versions of the available, having single magnetic card storage, or double standard mag cassettes. The cards h 72 lines of 150 charac while the tapes can e to 27 letter-sized docum

In the two-station ve formation from one ta can be duplicated or a at high speed and wit duction of hard copy. example, in automatic l ing one tape can hold and addresses while can hold the body co letter.

Other features incl matic carriage retu typing, formatting, hand margin justifi pressing a button. Th electronics console me x 305 x 560 mm. and kg. More from the c Oxford Road, Uxbridg sex (Uxbridge 51133).

● HEATING

Heat fror waste oil

HEATING AND Air T 46 West Street, C Sussex PO19 1RP (024 which makes the Freeh oil burning system, has a marketing and manu agreement with Comb eering, of Bilston, Staff mouth Investment Gr pany making industri heaters.

Combining the system heater, the companies offer an economic pac to the customer, who use his waste lubricati refining and blending it ventional heating fuels heating costs by up cent.

The Freeheat system posite refining unit com primary filtration and assembly, an oil tran blending pump and a and transfer reservoir e secondary and tertiary metal separation and tion.

هكذا من الأصل

LABOUR NEWS

Court action soon over AUEW vote timing

Y ROY ROGERS, LABOUR CORRESPONDENT

H COURT moves against the ılgamated Union of Engineer Workers are expected within over an executive decision ostpone balloting for a key utive seat for six months.

r. Terry Duffy, assistant ional organiser and the t-wing challenger for the t Midlands and Manchester utive post held by Left-er Mr. Bob Wright, began proceedings yesterday d at forcing the union to the ballot on schedule next th.

. Duffy, who comes from verhampton, placed the in the hands of the same itors who handled High t moves against the union er this year, when a deci-to revert to branch voting pposed to postal ballot for W posts was overturned.

ce the disputed postal ballot decision, the present move elay the Number Four Divi-executive post ballot was on the casting vote of Mr. Hugh Scanlon, the president, who is asked to adjudicate on most major issues at the moment because of the fine political balance on the executive.

Last night Mr. Duffy said he expected his solicitors to seek an injunction preventing the union from delaying the ballot beyond the scheduled voting dates of October 3 to October 23.

He "completely rejected" a plea by Mr. Wright to seek a special meeting of the union's final appeals court on the issue, as there was insufficient time.

Mr. Wright made his appeal after a meeting of the union's executive declined to reconsider the election row, already the subject of several executive meetings.

He also took pains to stress that the original decision which sparked off the row—to move 2,000 Banbury members from his (No. Four) division to the neighbouring East Midlands and Yorkshire (No. Five) division—was part of proposals to found a new district based on Milton Keynes which "had the consent of the whole of the executive."

The problem emerged when moderates on the AUEW executive became aware that the Banbury members, most of whom are believed to be moderates, were not being allowed to participate in the No. Four division ballot because they were due to switch to the No. Five division from January 1, nine months before Mr. Wright's term of office expires.

Last week the moderates on the executive were successful in forcing through a decision to allow Banbury members to participate in this ballot, but this was immediately negated when, on Mr. Scanlon's casting vote, the executive decided to start the election procedure afresh. This means it will be next March before balloting can take place, by which time the Banbury members will not be eligible to take part because they will be outside the division.

Mr. Wright made the point yesterday that if the moderates in the union had their way the Banbury members, who represent in this ballot, but this was only 2,000 out of some 240,000 now in his division—would be voting both in this election and again next year when the post of Mr. Les Dixon, the Communist member of the executive for division five, comes up for re-election.

Evening Standard to cut manning levels

BY OUR LABOUR REPORTER

THE London Evening Standard yesterday became the latest Fleet Street employer to announce moves to cut back on manning levels as part of its plan to integrate production of the Daily Express and the Evening Standard from the end of the year.

Mr. Jocelyn Stevens, deputy chairman of Beaverbrook Newspapers, said yesterday that printing and publishing of the Standard would be transferred from Shoe Lane to the Daily Express building in Fleet Street after Christmas.

Printing unions

This was more than three months earlier than the target date of Easter 1976 and had been made possible by the "speedy introduction" of new machinery and the completion of improvements to the publishing room.

Talks have already opened with the printing unions on the reduced manning which management expects will involve about 120 jobs or roughly 5 per cent. of the workforce.

The other London evening paper—the Evening News—is already seeking union agreement to cut some 400 jobs with a view to saving £1.25m. this year.

Even more swingeing cuts are being sought by the Daily Telegraph, which wants to prune between 560 and 720 printing and mechanical jobs, and the Financial Times which is negotiating with its unions for the introduction of advanced computer technology which will require only about to-thirds of the present 1,400 employees

In addition to these moves, printing unions and the Observer management last month agreed a 25 per cent. cut in manning levels as part of a scheme aimed at saving at least £750,000 by the end of the year.

Escalating costs, especially of newsprint and fuel, have left most national newspapers in loss-making situations and precipitated these urgent moves for economies—including a cut on manning levels.

The industry's financial problems will no doubt have considerable bearing on pay talks for all 30,000 Fleet Street printing workers which open later this month.

Union promise at Jensen

By Terry Dodsworth

FULL TRADE union co-operation at Jensen Motors, the West Bromwich manufacturer of luxury cars now in the hands of the receiver, has been promised by Mr. George Evans, Transport and General Workers Union organiser in Birmingham.

More than 600 jobs are at stake in the company, which according to its majority shareholder, American Mr. Kjell Qvale, went into receivership with a full order book and no unsold cars. The men come back from holiday on Monday.

Mr. John Griffiths, receiver and manager, said yesterday that work at the factory would begin again after the holiday. He was "examining the possibility" of the business being continued profitably.

NCB and unions plan campaign to boost output

BY JOHN WYLES, LABOUR REPORTER

A RENEWED attempt to persuade miners to launch an autumn production drive was agreed yesterday between the mining unions and the National Coal Board after an anxious discussion about the stagnant level of output.

Special attention will be paid to allaying miners' alleged fears that coal stocks and the industrial recession are potential threats to employment in the coal industry.

This has been put forward as an explanation by Mr. Joe Gormley, the National Union of Mineworkers' president, for static production levels which are highlighted at the moment by miners' failure to earn a production bonus for the second quarter in succession.

It was emphasised at yesterday's top-level consultative meeting that the 6.9m. tons of coal stocks at pit heads are only marginally above the 6.6m. figure for this time last year. Sir Derek Ezra, NCB chairman, told union leaders yesterday that more coal was needed not only to boost stocks but also to meet export opportunities.

Attempts will now be made to hammer this message home at pit level consultative meetings. But similar exhortations have been made at regular intervals over the past 12 months without any real impact on overall output.

Husbands leave wives out of pay rises

FINANCIAL TIMES REPORTER

MANY WIVES are not benefiting from their husbands' pay rises and are managing on a housekeeping budget whose real buying power has dropped sharply since last year, research carried out for the National Consumer Council showed yesterday.

At least one in five husbands has not given his wife a rise, although in many cases he has received one. Over half the husbands still earning less than £20 a week have been unable to increase the housekeeping money over the last 12 months.

The findings are from a two-part survey commissioned by the NCC to discover whether hidden pockets of family poverty are being caused by husbands' failure to pass on a share of higher wages. The survey covered 4,000 questionnaires returned by readers of Woman's Own and 1,830 interviews carried out by National Opinion Polls.

Both samples show that a significant minority of husbands have failed to give their wives a housekeeping rise. According to the Woman's Own sample, one in five wives is managing on the same budget as last year even though 58 per cent. of husbands have been given a rise since then. Nationally, this would mean that more than 2m. wives have 20p less in the pound in real terms.

The NOP sample suggests that wives are having an even tougher time—with one in four husbands failing to increase the housekeeping allowance.

Both samples indicate that the poorer the family the less likely is the wife to have had a rise.

Agriculture workers submit £9.50 claim

Y OUR LABOUR STAFF

National Union of cultural and Allied Workers rday formally challenged Government's pay policy by ng a claim for a £9.50 ase in the minimum weekly for 320,000 farm workers in and and Wales.

e claim was submitted at a ing of the Agricultural es Board, which includes and employer representa-as well as independent bers appointed by the ster of Agriculture, and make legally binding ds.

wever the challenge to the olicy is more on paper than ality. Union leaders who they are bound by a con-ce decision to seek an ase in the minimum wage £30.50 at the moment to next year, have made it that they are determined to out for the full £6.

e employers will submit case to the Board on ber 16. But a spokesman he National Farmers Union yesterday that even a £6-a-increase would be an remely hefty blow to the industry and it is doubtful whether we can stand it." Every £1-a-week wage raise would add around £16m. to the industry's annual costs at a time when it was in enormous difficulties

Mr. Reg Bottini, the general secretary of the farm workers' union, said after yesterday's meeting that at present pay rates workers were leaving the industry. This would not help the expansion in British food production envisaged

Leyland truck workers take £6

Workers at British Leyland's five truck and bus plants at Chorley and Leyland, Lancs., voted overwhelmingly yesterday to accept a £6-a-week across-the-board pay rise.

The Government's counter-inflation policy was further boosted by a £6 increase agreed by the National Union of Bank Employees for £1,450 staff employed by Lloyds and Scottish Finance. It comes on top of a 10 per cent. interim increase negotiated in July.

Curb public sector right to strike, Hooson urges

Y PHILIP RAWSTORNE IN SCARBOROUGH

RIGHT of public sector ers to strike should be icted, Mr. Emlyn Hooson for Montgomery and leader e Welsh Liberals said here night.

s it right that workers who employed by the State ld be able to strike and the whole community to m whilst enjoying the ity of the State?" he asked.

Hooson, speaking at a pre-rence meeting on the alised industries, said that of the country's industrial tes arose in the public .

erals should face up to the y of the situation and ques-whether it might not be right to curtail the right to strike in the nationalised industries.

Mr. Hooson suggested that this could be enforced by denying social benefits to strikers in the public sector and by dismissing workers who did not follow agreed procedures for settling disputes.

Anyone who to-day proposed an extension of public ownership, he said, was simply arguing the case for higher and more crippling taxes

Mr. Hooson said that Liberals should make it absolutely clear that they would not tolerate any further extension of public ownership until the present nationalised sector became more efficient and paid its way.

The Executive's World

EDITED BY JAMES ENSOR

The British are more profitable but less productive

BY JAMES ENSOR

SEVEN KEY SECTORS

PROFITS AND PRODUCTIVITY

	Country	Net Income Deposits %	Deposits Employee £t	Deposits £b	Employees t
BANKING					
Barclays	GB	0.6	134	12,463	90
Natwest	GB	0.4	189	12,308	63
Deutsche	D	0.4	305	12,518	41
Dresdner	D	0.3	342	9,993	29
Societe Generale	F	0.1	281	11,240	40
Credit Lyonnais	F	0.1	242	11,659	48
BNP	F	0.09	263	14,208	54
BCI	I	0.07	458	7,328	16
		Net Income Sales %	**Sales Employee £**	**Sales £m**	**Employee t**
CHEMICALS					
ICI	GB	8.2	15,050	2,995	199
DSM	NL	7.4	36,047	1,081	30
Rhone-Poulenc	F	4.2	14,702	1,750	119
Solvay	B	3.0	18,503	833	45
Bayer	D	3.0	19,286	2,604	135
Montedison	I	2.8	17,215	2,634	153
Hoechst	D	2.4	18,055	3,232	179
BASF	D	2.4	31,630	3,511	111
ELECTRICAL					
GEC	GB	6.2	5,711	1,542	200
Thorn	GB	4.4	9,088	718	79
ASEA	S	3.1	15,723	645	41
Philips	NL	2.9	9,449	3,893	412
Siemens	D	2.8	8,961	2,769	309
Thomson-Brandt	F	1.5	10,948	2,305	87
CGE	F	0.8	10,008	1,321	132
AEG-Telefunken	D	(5.6)	11,281	1,918	170
ENGINEERING					
SKF	S	4.2	10,540	643	61
Tube Investments	GB	3.6	6,122	502	82
GKN	GB	2.8	9,163	1,138	120
Sulzer	CH	1.7	11,402	422	37
Schneider	F	1.6	6,186	662	107
Krupp	D	0.8	18,121	1,468	81
GHH	D	0.6	18,722	1,703	91
Brown Boveri	CH	0.5	10,744	1,034	96
FOOD					
Nestle	CH	4.5	17,151	2,384	139
Unilever	GB/NL	2.7	16,366	5,843	357
Cadbury-Schweppes	GB	1.7	12,333	555	45
RHM	GB	1.6	11,666	700	64
Lyons	GB	1.5	12,822	577	45
Union Intnl.	GB	1.1	33,705	573	17
BSN	F	0.6	12,735	866	68
Tate & Lyle	GB	0.2	20,260	466	23
MOTORS					
Saab-Scania	S	2.0	17,438	610	35
Daimler-Benz	D	1.6	16,766	2,599	155
Peugeot	F	1.1	12,988	1,260	97
Volvo	S	1.0	17,224	982	57
Renault	F	0	10,716	2,207	206
Fiat	I	0	9,528	1,801	189
British Leyland	GB	(1.5)	7,239	1,594	207
Volkswagenwerk	D	(4.8)	13,306	2,714	204
OIL					
Shell	NL/GB	8.2	83,841	13,750	164
BP	GB	6.2	114,817	7,810	68
ELF	F	4.0	110,818	2,438	22
Petrofina	B	3.7	66,284	1,458	22
CFP	F	3.3	134,342	3,681	27
Gelsenberg	D	0.6	77,922	1,091	14
Veba	D	0.6	88,888	800	9
ENI	I	(1.3)	32,217	2,964	92

The table compares net return on sales and sales per head net of tax to give a crude measure of profitability and productivity. Figures are drawn from annual reports for 1974 or 1973 converted at the rate of exchange ruling at the appropriate time. Exchange fluctuations do have a substantial effect on the comparisons.

DESPITE RAPID inflation and stringent price controls, British companies are still mostly more profitable than their European counterparts. But in a number of key sectors, particularly in engineering, motors and electricals, their productivity falls substantially short of the best Continental competition. However, British groups, because of their size and efficiency seem well placed to dominate other sectors of the Common Market industry, notably in food and oil, where their major rivals tend to be U.S. rather than European concerns.

An analysis of the seven major sectors of European industry, which are still largely in private as opposed to Government hands, throws an interesting light on the relative position of British industry. Clearly British public companies are far more competitive than nationalised British companies, whose performance—as analysed on this page on June 10—falls woefully short of Common Market standards.

Any comparison of British and Continental companies and their comparative performance is obviously beset with enormous technical difficulties. Accounting standards, particularly in Italy but also in France, allow far more latitude in treating profits as untaxable reserves and the comparative statistics understate their true situation. Equally, there are some odd quirks in the definition of assets and turnover: German banks, for instance, include bearer share certificates in their deposits thus boosting their total figures.

Statistics

Nevertheless, the major European companies, themselves, compare their performance on the basis of these relatively crude published statistics. Siemens', chief, Dr. Plettner, for instance, regularly compares his company with the seven major world electrical concerns on exactly this basis, and emphasises his determination to move Siemens' net return on sales at least up to the world average.

The industries chosen — chemicals, electrical, engineering, food, motors and oil — cover the bulk of major European private industry. Eighteen of the 20 largest European companies—measured by assets—are included, for instance and the only really major sector excluded is steel (which was covered in the previous article).

Banking is rather more difficult to compare, because of the different nature of the banking function — especially between Germany and Britain — and because of varying definitions of deposits and net income. Nevertheless, it seems clear that the big British banks achieve a higher rate of profit than the Continentals.

Of the seven sectors chosen, British or part-British companies top the profit league in four. The other three sectors—food, engineering and motors—are headed, interestingly enough by Swiss and Swedish companies. German companies are almost always grouped towards or at the bottom of the sector, demonstrating the traditional German reliance on banking finance and the constant concern to expand sales and market penetration rather than profits.

British companies, headed by such profit-oriented men as Sir Arnold Weinstock at GEC, Mr. David Orr at Unilever and Sir Frank McFadzean of Shell are grouped at or close to the top of the profit table in every industry except, motors, where British Leyland has produced an indifferent performance. The rather few Italian companies which make it into the big league are almost always near the bottom of the chart in profit terms—but this is perhaps as much a commentary on the generosity of their tax provisions as of their performance.

The Swedes and the Swiss, like the British, tend largely to have adopted the American approach of running their companies to produce a high rate of return on sales and hence on capital employed. The importance of the stock market in the growth of companies like GEC, Thorn, Tube Investments, GKN and Cadbury-Schweppes must explain part of the superior profitability of British industry. The ability to use quoted paper to make take-over bids, rather than bank borrowings, has served to make British companies more concerned with profit as well as helping to make them larger in some industries such as food than their fragmented Continental rivals.

In the case of British and Anglo-Dutch companies such as Shell, BP or Unilever, where the stock market has recently played a relatively small part in their expansion, it may be that their greater exposure to U.S. competition has sharpened their appetite for improving their profit ratings. Indeed if U.S. companies operating in Europe were included in the charts, they would outdistance many of the British and European companies. IBM Europe certainly makes a better rate of return than any European electrical concern, the Exxon companies are high on the oil league, and Associated British Foods—which is Canadian controlled—is more profitable than any of the U.K. food companies bar Unilever.

"I check the time, he checks the motion, and the other three write it down"

The oil majors, perhaps the most international of all these groups, have, of course, already faced this situation. The German and Italian retail petrol markets are notoriously unprofitable thanks to the efforts of the national companies, with state backing, to expand their share. But the British and American groups which dominate this business have managed to withstand the challenge and maintain good overall margins, thanks to their control of the crude supplies. But as the OPEC companies force the oil companies to look for their profits from refining and marketing rather than production, the efforts of the small Continental concerns may have more impact on the profits of the British groups.

Overall, the big British public companies stand up quite well against their Common Market rivals. They certainly provide a much better picture than the sad figure put by Britain's nationalised industries. But in some cases they will clearly have to look to their investment plans to ensure that productivity remains within competitive distance of the best European producers.

British predominance in profitability is not always reflected in greater efficiency—as measured by the rather inadequate statistic of sales per employee. In oil, BP and Shell hold their own well with the Continentals, but historically they have had the access to crude oil which allowed them to build up better marketing networks, too. In food, Unilever is on a par with Nestle and the companies with rather specialised capital intensive output such as Union International and Tate and Lyle score much higher.

But in most of the other industries, British productivity as measured at the exchange rates ruling last year, mostly falls below Continental levels, though by no means as seriously as the state sector. British Leyland's weak performance, the result of past under-investment has been exhaustively analysed in the Ryder Report: it is certainly the weakest of the big British concerns when measured against its rivals.

But in the engineering industry, too, British groups have a lower output per man than the Germans. Krupp, perhaps gaining from the high productivity of its steel-making interests and Gutehoffnungshutte—which has big vehicle interests — produce roughly three times as much per man as Guest, Keen or three times as much as Tube Investments.

In the electrical industry, the Swedish ASEA clearly tops on productivity and scores highly on profitability, too. Siemens, despite the interest of its chairman in international comparisons, performs rather mediocrely on both counts. The French, perhaps surprisingly record better productivity than Siemens or Philips, but make very little profit at it. GEC, on the other hand, turns in the best profits but has much the lowest output per head, at less than half that of ASEA. Thorn, making less profit, has however managed to achieve the same kind of productivity as Siemens and Philips.

Chemicals

ICI just about holds its own in chemicals, with an output per head that is the second lowest in the group but not enormously out of line with its big rivals Bayer, Montedison and Hoecsht. BASF, however, though being the least profitable of the chemical groups achieves the highest output per head after the small Dutch company DSM (once a coal company but now a specialised chemical concern). The German chemical giants, entrenched in a highly competitive market and collectively the strongest force in the European chemical industry all achieve reasonably high rates of output per head, but at the expense of profitability.

Banking, of course, is the hardest area of all in which to make any meaningful comparisons. The German banks are heavily involved in equity holdings in manufacturing companies and also fulfil the role of merchant banks in Britain to a great extent. The French banks, too, fulfill a function which can best be expressed in the French phrase "Banque d'Affaires" combining some of the activities of a group like Slater Walker with more traditional branch banking function of the Big Four British banks. Because of their greater involvement in branch banking and their more conservative counting of deposits, Barclays and NatWest record a much lower rate of deposit [per em]ployee (the only possib[le com]parison of efficiency) [than] Continental banks, [but] conservative counting [of de]posits gives them the [higher] rate of net income per

Despite all the rese[rvations] that must be made re[garding] the effects of different [account]ing practices, variati[ons in] exchange rates and [in] product mixes, it doe[s seem] clear that there is a general pattern in the sector of British compa[nies be]ing more profitable [but less] productive than their [Common] Market rivals. Germa[n com]panies, often the most [produc]tive, tend also to be [the least] profitable, while the [Swedish] and Swiss uniquely so[re well] on both counts.

This raises a numbe[r of in]teresting points about t[he] future inter-action of th[e com]panies and industrie[s across] national frontiers as t[he Com]mon Market develo[ps and] capital movements [become] easier.

There is obviously a[n oppor]tunity for the British c[ompanies] to use their higher pr[ofits and] their access to stock [market] funding to buy into Co[ntinental] concerns on a favoura[ble basis.] This is already eviden[t in] property and food i[ndustries] where British grou[ps have] already earned a well[-deserved] reputation for being [more] financially aggressive i[n] In the engineering and [electrical] sectors, too, there s[hould be] opportunities for the [British to] exploit their financial [muscle by] buying smaller Co[ntinental] groups.

On the other ha[nd, the] demonstrably lower re[turn on] sales enjoyed by major groups in chemicals, el[ectrical] and engineering may [mean] much tougher competit[ion for] tion for British compan[ies, mak]ing it harder to maint[ain] high rates of profit o[n] the face of competitors [prepared] to accept lower [profits.] Siemens' new thinking [is] also evident at Dai[mler-Benz] that profits are at [least as] important as turnover yet, not to have influ[enced the] attitude of the chem[ical and] electrical giants. It [is note]worthy that the big [car] makers (Volkswagenw[erk and AEG-] Telefunken) are both [losing] and that their predic[ament as] well as that of ENI a[nd British] Leyland has resulted [from] over-ambitious desire [to expand] sales without due rega[rd to the] profitability of those s[ales.]

It seems clear th[at if] Continental attitudes [do not] alter in the British an[d Ameri]can direction, that U[.K. com]panies may face de[creasing] challenges to their ma[rket posi]tion, regardless of cost.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

No golden handshake

I was the proprietor of a firm which ceased trading when I retired in 1972.

I had proposed to make a severance gift of £5,000 to an employee who had been with me for 40 years, but the Inspector states that no such gift is permissible at the termination of a business. Is this right?

What the Inspector presumably means is that the voluntary severance payment will not be deductible in computing the firm's profit or loss for the final period (although any net statutory redundancy payment would be deductible under section 412 (2) of the Taxes Act). The reason for this is that a voluntary severance payment can only be deducted in computing taxable profits if it is shown to have been made for the purposes of the trade: if the trade has ceased (or will shortly cease), this condition cannot be fulfilled.

Schedule E to Schedule D

I was paid a consultancy fee in 1974/5 which was taxed under PAYE. It was agreed with the Revenue that from April 6, 1975, the fee should be paid without deduction of tax at source. The Inspector now says that he intends to levy a Schedule D assessment for 1975/6 on the basis of the fee received in 1974/5. He goes on: "The fees for the year ending April 5, 1975, are used twice in computing the 1974/5 PAYE assessment and the 1975/6 Schedule D assessment."

(a) Is this correct procedure when there is such a change in the basis of payment? (b) Suppose the fee were to cease by April 5, 1976. If the Inspector were then to levy a Schedule D assessment for 1976/7 on this source of income, would not three lots of tax (1974/5 PAYE plus two Schedule D assessments) be levied on two years' income?

The answers to your questions are: (a) Yes, provided that the consultancy commenced before April 6, 1973, and does not cease within the next year or so. (b) If the cosultancy ceases before April 6, 1976, the 1975/76 Schedule D assessment will be altered (up or down) to reflect the current year's income, instead of the 1974/75 income.

If your consultancy fees are rising, the apparent double taxation of the 1974/75 fees will in fact ultimately result in part of future fees escaping tax completely. On the other hand, if the fees are falling, you will bear an extra burden of tax. This is inherent in the rules of Schedule D, and is not really caused by the change of schedule.

★

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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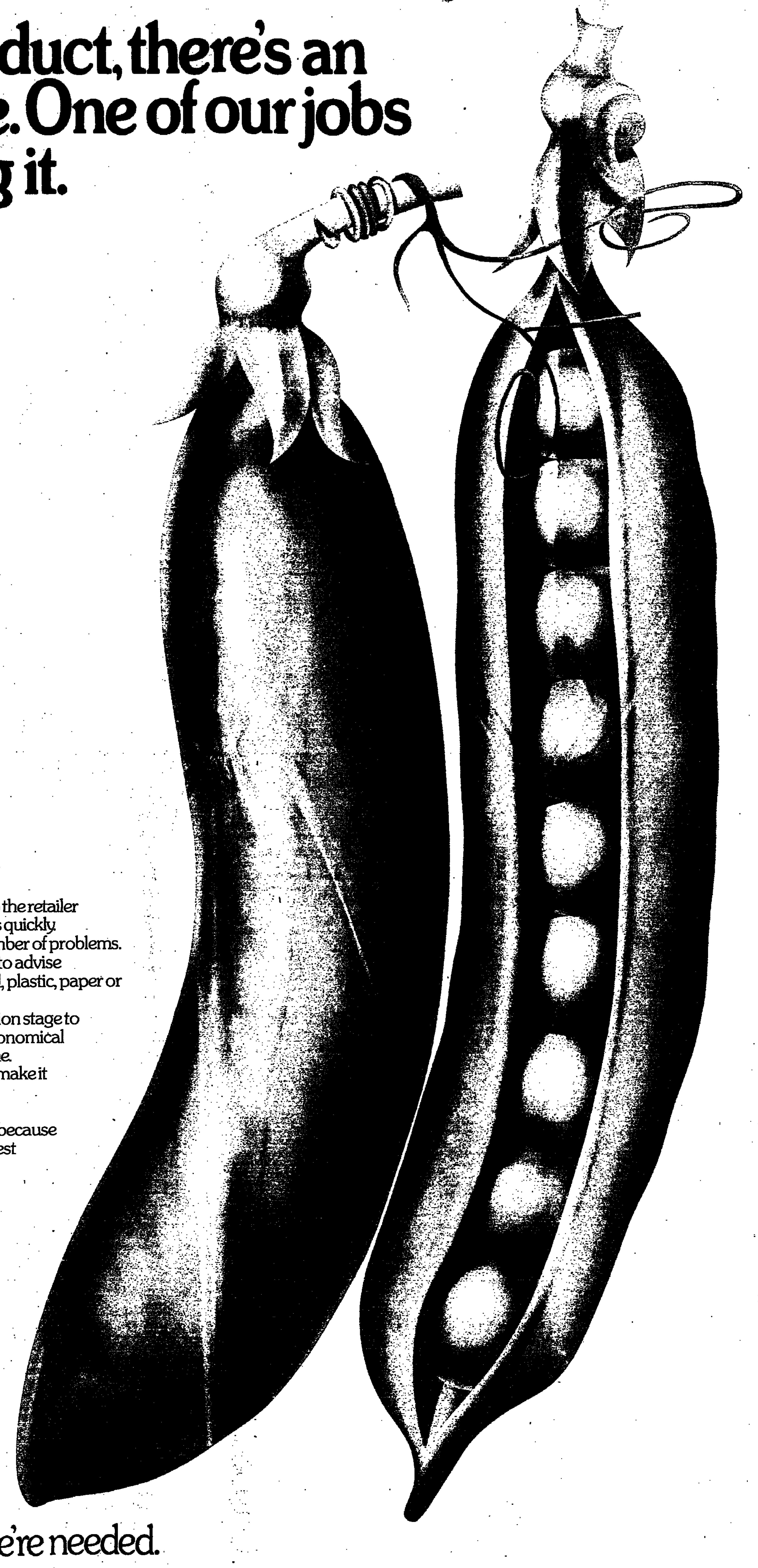

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WEDNESDAY, SEPTEMBER 17, 1975

The rights of shareholders

WHEN A Boardroom row occurs in a large public company, it is usually resolved either by the resignation of the dissident directors or, in rare cases like that of Lonrho, by an appeal to the general body of shareholders which decides in favour of one party or the other. The situation in the Rank Organisation, however, raises a number of wider issues, particularly at a time of public debate about the accountability of the men who direct large companies. The company has been a source of controversy for a number of years, partly because of the wide powers enjoyed by the chairman, Sir John Davis, partly because of the poor performance of the non-Xerox activities, partly because the majority of shareholders, holding non-voting shares, cannot directly control the company's affairs. All these matters are now coming to a head in the dispute which has arisen between the chairman and Mr. Graham Dowson, who was appointed chief executive last year.

Non-executives

In these circumstances the role of the non-executive directors, who happen to outnumber the executives on the Rank Board, is especially crucial. One of the main functions of a Board, as the CBI pointed out in its report on the responsibilities of the public company, is to appoint the chief executive and to monitor his performance; another is to ensure that appropriate arrangements are made for succession to the senior positions. It is not easy for Boards to carry out these functions when the posts of chairman and chief executive are combined in one man; hence the appointment of a chief executive in Rank last year represented a step forward. But the terms of this appointment, with the chairman retaining considerable powers in his own hands, seemed likely to be a source of friction.

It is always difficult for a man who has built up a company and continues to dominate its affairs to switch to a non-executive role. But it is up to the Board as a whole to ensure that the succession takes place in an orderly way and that the responsibilities of chairman and chief executive are clearly defined. The Rank directors must now attempt to right the situation before the company's reputation suffers even greater damage. If they fail to get accepted what they believe to be right, they can, in the last resort, resign, with a public statement on their reasons for doing so.

The alternative, an appeal to the shareholders, is made difficult, if not impossible, by the company's capital structure, whereby a majority of the voting shares are ultimately held by the Rank Foundation. Non-voting shares, as described in a minority note to the Jenkins Report on Company Law in 1962, "are the simplest and most straightforward method whereby directors can render themselves immovable without their own consent"; the majority, however, did not favour a legal ban on non-voting shares, mainly on the grounds that it would be too drastic a step and would encourage alternative methods of vesting control in particular classes of share. The Conservatives, in their 1973 White Paper, accepted in principle the need to abolish non-voting shares but recognised the practical problems involved.

Fiefdom

The basic point is that no public company, least of all one as large and important as Rank, should be run as a personal fiefdom. Shareholders, even non-voting ones, can on occasion assert themselves, as they did in 1972 when American investors dissuaded the management from proceeding with the bid for Watney Mann. But a bid situation is different from an internal dispute. Whatever the rights and wrongs of the present row, it is important that it should be resolved in a way which takes account, and is seen to take account, of the interests of all the company's shareholders: it must also end in such way that management changes can in future be undertaken without an open feud.

Another Japanese package

THE JAPANESE Government has already made three mild attempts this year — in February, March and June—to stimulate economic recovery, and it has been widely expected for several weeks past that another package would be announced this month. The reason why more was not done earlier to pull the country out of much the worst recession it has suffered since the war is to be sought among considerations of domestic rather than external economic policy. Despite the steep fall in exports, on which Japan's exceptionally rapid rate of economic growth has been founded, a fall in imports and, more recently, a favourable movement of the capital account, has prevented the balance of foreign payments from being more than a minor factor in the calculations of the Government and the Central Bank. They have been more concerned to ensure that the domestic rate of inflation was brought down to a safer level before giving yet a further stimulus to demand.

There is now a fair chance that the rate of inflation for the year as a whole will be brought down to the 10 per cent. which our own Government is hoping to achieve in the second-half of 1976. Although the recession is already past its worst, therefore, the Government has come under strong pressure to reflate more vigorously, on the one hand from deficit countries and international organisations like the International Monetary Fund, on the other from the Japanese business community.

No details

A number of recent bankruptcies, notably that of the Kohjin group, may well have helped to modify official attitudes in Japan and push policy in the direction which these voices have been advocating. Yesterday's announcement, however, goes little further than what the business community had already been led to expect. There is to be another reflationary package of the size expected—$6.7bn., of which $5bn. will go in direct Government spending and $1.7bn. in assistance to small firms—the aim of which will be to push up the annual rate of economic growth to 6 per cent. over the next six months and so bring about an increase of 2 per cent. (in real terms) for the financial year as a whole. The details of this programme, however, will not be known until the supplementary Budget is published in the middle of next month.

But the main object of the steps taken earlier in the year was to bring forward public expenditure programmes; this, together perhaps with more direct assistance to industry—the steep drop in capital investment plans is one of the main features of the present economic situation—will probably continue to be the main form of pump-priming employed.

IMF plea

It will be some time before the effects of the latest package become clear. Japan, like the United States and Germany, may find that demand reacts more slowly than expected to official stimulus — especially since Japanese growth has in the past been highly dependent on exports and the immediate outlook for a recovery in world trade is not encouraging. At the same time, there is an obvious risk that repeated doses of fiscal stimulation will make it more difficult to reduce the rate of inflation further once a solid business recovery is established. In taking this action, however, the Japanese Government is acting not only in response to the pressure of its own business community but according to the clear proposal made at the recent meeting of the IMF—that those large industrialised countries which are least troubled by balance of payments problems should take the lead in encouraging business expansion. Mr. Healey, whose scope for independent action is much smaller, has some reason to feel pleased.

Lonrho is to market Volkswagens in the U.K.: other foreign makes have other marketing systems

A variety of vehicles for selling their cars

By TERRY DODSWORTH and PETER FOSTER

IF there is no money to be made at the moment producing cars in the U.K., there is still money to be made selling them. On current evidence Britain has become one of the softest markets in the world for foreign cars: importers have captured 40 per cent. of the market, and most of them appear to be making healthy profits while doing so. The point has not been lost on Lonrho, which has seized on Thomas Tilling's disenchantment with motor distribution (Tilling decided some time ago that the business was too cyclical) to invest £8.68m. in Volkswagen (GB), its first U.K. motor franchise. On the face of it, with VW (GB) predicting profits of £2.8m. this year, it may seem surprising that the German company itself did not want to get directly involved.

Volkswagen's decision may be partly due to the financial strains it is feeling: it has recently had the novel experience of having to approach the money market for funds. Equally, however, Lonrho's purchase underlines the wide variety of ownership systems employed by companies exporting cars to the U.K. VW (GB), formerly just one of the multitude of Thomas Tilling's interests, remains in the hands of a British conglomerate. Of the three other major importers to the U.K. two—Renault and Fiat—are wholly-owned by their parent manufacturing companies, and the other—Datsun—has a majority of its shares held by a private individual, its chairman Mr. Octav Botnar.

There is a great deal of debate in the motor industry as to which is the best form of organisation. In a standard case, a foreign manufacturer sells his product to the importing concern, which then sells it to the motor dealer—the retail outlet. The argument concerns the middle man, who may be either wholly owned by the manufacturer, or be a locally owned concern with a franchise agreement to sell in his area.

No means proven

British Leyland has in recent years followed a policy of cutting out its franchise operations in Europe in favour of direct control; and in the U.S., Volkswagen and the highly successful Japanese companies have always opted for direct ownership. But in a market the size of the U.K., the argument is by no means proven either way. Various systems have been made to work, and none is unquestionably better than another judged on the criteria of market share or profits.

Fiat, for example, has the same system as Renault, roughly the same number of outlets, and a product line-up, like the French company, biased towards small and medium size cars. But it does not have a similar market share: it has 3 per cent. of the U.K. market against Renault's 5 per cent., and has actually dropped back this year despite the buoyant performance of importers in general. VW (GB), having reversed its sales slide this year (its £1.5m. loss last year was a strong factor behind Tilling's disenchantment) still remains independent of the German supplier.

Again, Nissan, the Datsun manufacturer, has chosen a highly unusual route, in selling through a company chiefly dependent on the drive and inventiveness of one man, Mr. Botnar. In contrast, Toyota, Datsun's larger rival in Japan, chose Pride and Clarke, a small public company, as its U.K. agent.

Franchise holders

There is, however, a clear distinction between the French and the Germans in this respect. Although Peugeot did not take over its U.K. franchise until 1971 both Renault and Citroen have owned their franchise holders here for almost as long as they have been selling cars, which in the case of Renault goes back to the turn of the century. Fiat too has controlled its U.K. car franchise from Turin since 1904.

German manufacturers, on the other hand, have traditionally been less eager to become involved in U.K. franchises. Daimler-Benz's recent takeover of the Mercedes franchise in Britain seems to have had more to do with the fact that the previous owner, again Thomas Tilling, was unwilling to get involved with the Germany company's expansion plans. This "German" attitude seems to be borne out by Volkswagen's agreement to Lonrho taking over its U.K. franchise, while BMW has renewed its relationship with Tozer Kemsley and Millbourn until 1982.

TKM also has a 40 per cent. share in Mazda GB—U.K. holder of the franchise not only for Mazda cars but also for Polski-Fiats from Poland and Wartburgs from East Germany. Another 40 per cent. of Mazda GB is held by C.ITOH, the giant Japanese trading concern. TKM has an association with another Japanese company, Sumitomo, in the Mazda franchise in France, where the number of Mazda sales has quadrupled over the last year or so.

Mr. "Tiny" Rowland, chairman of Lonrho: the company will add £100m. turnover from the VW/Audi NSU franchise.

FOREIGN CARS IN BRITAIN

Supplier	Franchise Holder	Outlets Supplied	Units sold (Jan.-Aug. '75)	Market share (%)
Datsun	Datsun U.K.†	300	51,678	5.98
VW/Audi NSU	Lonrho	340	35,196	4.07
Renault	Renault*	360	41,759	4.83
Fiat	Fiat England*	350	27,417	3.17
Citroën	Citroën Cars*	185	15,935	1.84
Toyota	Pride & Clarke	245	15,780	1.83
Peugeot	Peugeot Automobiles U.K.*	181	10,988	1.27
Volvo	Lex Group	185	11,930	1.38
Mazda	Tozer, Kemsley & Millbourn (40 per cent.) C. ITOH (40 per cent.)	230	7,442	0.86
BMW	TKM	180	5,216	0.60
Mercedes	Daimler-Benz*	94	4,026	0.47

† Privately owned.
* Wholly owned subsidiary of manufacturing parent.

This trend towards taking franchises on an international scale is again seen in the case of Lonrho, which now adds the £100m. turnover which it will derive from the VW/Audi/NSU franchise in the U.K. to its £100m. of car sales throughout Africa and to its Rolls-Royce and Alfa Romeo franchises in Belgium.

Unlike TKM and Lonrho, the Lex Group is directly involved in selling cars to the public. Its position as sole concessionaire for Volvo goes back to 1958, and it is likely to take over the Daf franchise soon in the wake of the Dutch company being bought out by Volvo. Nevertheless, with the exception of Lex there is little tendency for franchise holders to become directly involved in retail dealerships themselves unless a suitable dealer cannot be found and the creation of a retail outlet is considered necessary for strategic purposes. Renault for example has only six directly controlled outlets, Datsun four and Toyota none (although there are four showrooms selling Toyotas in another of Pride and Clarke's subsidiaries).

But the performance of the various makes in the U.K. implies that success is much more a matter of product, personnel and managerial drive rather than a particular marketing system. All the same, there are strong pressures on the manufacturers to take a direct stake.

First, there is the argument that he thereby cuts out the middleman and maximises his profits. At the same time it makes it possible for the manufacturer to juggle with transfer prices, and thus maximise corporate profits.

Less up-market approach

Secondly, ownership gives the manufacturer more flexibility over what model he will push. The change of ownership at Mercedes U.K., where Tilling sold its concession back to the Daimler-Benz company, has resulted in a less up-market approach in the British business. The old management had deliberately built up an image of exclusivity for its products, selling mainly the top of the range cars, on which there is a higher profit margin. The new company-directed management, headed by a German, is selling a wider range which fits more with the company profile on the Continent.

Finally, ownership gives a higher degree of control. It is true that companies like Volkswagen exercise very tight disciplines over their franchise companies: these have to meet established sales targets, and the quality of their service and parts organisations is under continual review. But there is less likely to be a conflict of interest between the parent company and its subsidiary than with a franchise organisation, and sanctions can be much more directly applied.

A case in point is again Mercedes. One of the reasons behind Daimler-Benz's decision to buy out the Tilling stake was its desire to build up truck exports to the U.K., the biggest truck market in Europe. Tilling was not prepared to undertake the investment required in building up the truck business, where Mercedes starts well behind the Scandinavian importers.

In the context Mercedes' decision was entirely logical. Inevitably, an independent business with no interest in car manufacturing has shorter term profit aims than a manufacturer which may have longer-term objectives of building up share, with a view to p[…] the future.

At Mercedes, Tilli[…] been proved right, at […] the short term. Daim[…] came into the British […] just as the market w[…] after the oil crisis, an[…] found the truck market […] larly difficult to break […] course. Daimler-Benz […] strong financial base […] afford to take a l[…] approach; but a less[…] company might well s[…] from the financial com[…] implied in running its o[…] seas subsidaries.

This is possibly th[…] reason for the surviva[…] franchise system. A […] like Volkswagen (GB), […] ample, carries some […] months' stocks, worth […] £20m. In addition it ha[…] tied up in warehousin[…] considerable sum in spa[…] Although dealers gener[…] the capital cost of th[…] parts and service depa[…] they may be given h[…] example, VW dealers r[…] electronic diagnosis e[…] from the franchise hol[…] the dealers' cheap […] scheme earlier this y[…] subsidised by VW (G[…]

Managem[ent] resource[s]

In addition the par[…] pany may have to co[…] own management reso[…] the subsidiary: in the […] example, both Fiat […] and now Mercedes ar[…] by foreign nationals su[…] the parent. Not all c[…] have enough depth of […] ment talent to be abl[…] their overseas organis[…] this way.

In the long term, he[…] is difficult to see how […] turers can avoid becom[…] deeply involved in th[…] seas concerns as th[…] larger. VW's commi[…] its organisation in the […] example (it sold 19[…] there in the first seve[…] of 1975), makes it […] vulnerable to any shi[…] market. In such a si[…] could not afford to su[…] chise organisation, wit[…] manent possibilities […] disagreements. Simila[…] ota (seven months sa[…] U.S. of 16[…]), has […] own 100 per cent. ow[…] company since 1957.

The U.K., as yet, is […] less crucial item in an[…] company's calculatio[…] within ten years it is […] able that the nationali[…] the European industry […] growth of the Japane[…] have altered the calcula[…] again.

MEN AND MATTERS

Why Scrimgeour paid £200,000

The story told here in April, of how those pillars of capitalism J. & A. Scrimgeour, stockbrokers, sold a lease in Mansion House Place to the Bank of China was not the smooth example of East-West co-operation it appeared. The Scrimgeour annual report, out yesterday, tells it differently.

The deal started well enough, with the stockbrokers agreeing a price for the lease of £1.8m. with the Bank of China. But that was a sub-lease, the landlord being Property Holding & Investment Trust.

Normally, getting the landlord's consent for assigning such a lease would involve few problems. But, as Scrimgeour's report puts it, "The landlord took the view that the constitution of the new tenant might under certain circumstances provide immunity from legal proceedings"—not a reference, I understand, to diplomatic immunity, but to "sovereign immunity" since the bank is the State bank.

This put Scrimgeour's in an unenviable position. It would not commit itself to new premises until it was certain of its money from the old ones. But with all the communications equipment a broker requires, it thought it needed six months to equip new offices. Its contract with the Chinese involved vacating Mansion House Place by June and it was already February, and to cancel that contract putting the offices on the market again would, with the drop in City property values, "result in a loss of capital which could not be recovered out of trading profits in less than several years."

Scrimgeour says it could not afford the time to fight a legal battle. "There was therefore," the report states, "a grave risk that the company would have to cease trading as the only means of completing the Contract."

In practice, having made a court application, Scrimgeour's then started negotiations on compensation "to reflect the alleged reduced value of the tenancy." It settled for paying Property Holding £200,000.

This still leaves Scrimgeour with a net profit of £8??,825 on its move of premises. It leaves the Bank of China, which may have been a little puzzled at one point to have its credit status investigated, ready to move in as a neighbour of the Lord Mayor early next year.

And it leaves Property Holding, keen supporter of the free market and contributor to Conservative Party funds, with Communist tenants plus an unexpected £200,000. Its chairman Douglas Hewitt says: "We acted in a proper manner in the interests of our shareholders and we have no further comment to make."

Grape v. grain

Unlike Italy and France, relations between Britain and France on the subject of drink are mostly harmonious, but there are a couple of prickly points which, while stopping short of amounting to "war," might provoke a skirmish or two.

Pierre Lardinois, the EEC Commissioner responsible for agriculture and the man with the task of patching up the Franco-Italian quarrel, has this week been urging that all Common Market countries reduce, or at least not increase, wine excise duties. Britain, he pointed out, had the highest rate: at an average of 50p per bottle of table wine, which means that our tax is nearly seven times the price EEC producers can expect.

Agreed, said Britain's Commissioner George Thomson.

"According to Mrs. Thatcher, there is too much equality in Britain!"

However, speaking at a Franco-British Council conference, Thomson reminded the French wine trade gently that discrimination is not the sole prerogative of the British. "Like most Britons," he said, "I look forward to the day when the excise duties on wine are harmonised at zero throughout the Community.

"There is one quid pro quo that I, as a Scot, would ask in return for abolishing the British excise duty. The liquid product that Scotland (pending oil) sends most of to France is unhappily caught by a sanitary regulation that prohibits in France, on the grounds of public health, advertising of cereal-based spirits." One consolation: this restriction catches not only Scotch but Japanese whisky and France's own Pernod.

Weak link

The newly formed Meat Promotion Executive, which is an offshoot of the Meat and Livestock Commission, yesterday announced the "first ever" national campaign to promote British meat backed by all Britain's farmers and butchers" on the keynote of "chain of confidence." Around £250,000 is to be spent persuading the housewife, the butcher and the farmer all to trust each other but, alas, it seems that there is less than total trust among the subscribers to the Meat Promotion Executive itself.

Vice-chairman of the Executive is Colin Cullimore, general manager of Dewhursts, normally reckoned to be the country's biggest butcher, and he is reluctantly considering offering his resignation. The problem is—and it crops up in many other trade bodies—that the thousands of small butchers around the country feel that their interests will not be fully represented while one of the most influential members of the executive is head of a chain store operation.

Cullimore reckons that his expertise on the Executive is valuable to the aims it is pursuing and does not accept these criticisms. He commented yesterday, "I get the very strong impression that private butchers believe their view will never get across while I am vice-chairman, but this is not true." He adds however, "If they feel that, then it is better that I should go."

Praise be?

You may remember my note earlier this month about the parson who advised his parishioners that all births, marriages and deaths be postponed while he was on holiday. A reader has sent in a copy of the All Saints' Church, Kings Langley, news sheet which has this inspiring entry: "Vicar is on holiday until the 27th. Clergy from the Parish of Berkhamsted will be celebrating on the Sundays when he is away."

Observer

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FINANCIAL TIMES SURVEY

Wednesday September 17 1975

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U.K. BANKING

The limited growth of domestic banking matches the depressed state of the economy; but the Euromarket, remarkably free of alarms and collapses, is doing better. This shows that self-supervision is still the most valuable of banking disciplines, and raises significant questions for the domestic market.

)ebate ver ending ules

Anthony Harris

.LE THE unexpected is by ition surprising, the com- *fulfilment of expectations* lmost as unusual; and in sense it has been a sur- ng year in banking. It was a year ago that private and for credit, after the sses of the previous two and f years, would be subdued; he event, private sector and for loans has dried up ether within the U.K. The growth in domestic busi- has slowed to £2bn.—less a third of the increase rded in 1973, and lower in- l than in 1971. Allowing for fall in the value of money, still more for the growth ie deposit base, the banking res show as dramatically as others the depth of the pre- U.K. recession.

oreign currency business, on other hand, has grown by rly £10bn. in the year to July: even allowing for the depreciation of sterling against other currencies, this is an historically high figure. This contrast between Euro-currency and sterling business is indeed a surprise, for a year ago the growth of the Euromarkets had slowed very abruptly, and there was widespread worry about the soundness of some of the lending in the market. In the event it has proved in Britain, as in most other countries, that it has been, on the contrary, the quality of domestic lending which ought to have been the object of concern.

So far, at least, the lending syndicates which dominate the Euro-markets appear to have proved shrewder and more cautious judges than their domestic counterparts. The central bankers have, it is true, made a general statement that they stand ready to act as lenders of the last resort in the Euro-curency as in the domestic markets; but they have not in fact been forced to face the very awkward questions of responsibility which would be raised if that undertaking had to be carried out.

It may be a little early to draw absolutely firm conclusions from this contrast: for the financial strains resulting from the collapse of the property market, leading to the troubles of the fringe banks here and the troubles of the U.S. real estate investment trusts, began to be serious some time before the troubles of the shipping market drew attention to themselves. This business and its finance are by nature much more internationalised, and there is clearly a very worrying time ahead for a number of major lenders before freight rates—and especially tanker rates—recover to re-create the values on which loans have been secured.

The major Norwegian rescue operation in support of the credit of Mr. Rekjsten's operations, and the necessity for the Bank of England to buy into Burmah have been among the most dramatic last-resort operations of the present *crisis*, and we will be lucky if they are the last. Nevertheless, the contrast between domestic and foreign currency developments is highly suggestive.

Prudently

It was, after all, because Eurocurrency operations are conducted outside the network of official supervision and rules for reserve requirements that so much worry centred on them; yet the provisional conclusion is that they were conducted *more* prudently than was domestic lending.

On reflection, this is not so very strange. Bankers carrying their own risks have had strong motives for prudence. The appearance of borrowers who were not regular domestic customers, and the very mechanics of a syndicated operation, have imposed higher standards of investigation than can be relied on in day-to-day domestic lending. The thin secondary market in Eurocurency paper has demanded a greater attention to the maturity structure of currency business than has until recently been the rule at home.

The need to cover against exchange rate risks was evident some time before the financial community had the measure of the rather similar risks imposed by accelerating inflation. Finally, the scale of risk and the technical difficulties of the market have brought the best talent in the industry to the Eurocurrency side.

Finally, it may be added that in an area where risk is as visible to depositors as to bankers, the quality and reputation of deposit-taking institutions has been of paramount importance. This has been more than ever true since the OPEC countries became the major source of new deposits; but in fact it now seems in retrospect that the old fears of fly-by-night operators invading this market were always greatly overdone. It has been in domestic markets that less sophisticated depositors have been more readily attracted by impressive-looking names and interest rates above the going rate.

The one important risk which has appeared on the international side—that of imprudent or dishonest conduct of foreign exchange market operations—was a failure of internal supervision which should now be a matter of history. The trouble seems to have been that the era of fixed exchange rates offered opportunities for almost riskless speculation which created a habit—a habit which proved disastrous once general floating became the rule.

A clear danger signal, though it was not recognised at the time, was the persistence of rumours of "revaluations" and "devaluations" in the market long after these terms had become technically meaningless: Some operators were either unwilling to believe that times had changed, or at any rate thought that there were enough gullible traders to react, like Pavlov's dogs, at sounds which no longer conveyed their original message.

Central banks, then, have been far more preoccupied with domestic than with foreign currency lending problems in their handling of what has been the gravest financial crisis since the war. In one important sense they have managed the crisis superbly: with well-timed interventions and support operations, they have firmly localised whatever troubles have arisen.

Mistake

It would be a great mistake, however, to take this lack of drama as an excuse for complacency. There is clearly an awful lot of bank money still *locked in to pious hopes* of better business conditions to come.

The entirely predictable difficulty of reducing the load in the Bank of England's property lifeboat is one example of this; the increased provisions made for bad debts in recent bank annual reports provide another warning. The fact remains that in all developed countries a great deal of the trouble is still concealed—term loans which the borrower will undoubtedly have to roll over on maturity, floating charges on assets which might be very hard to realise, banks becoming unwilling holders of investments which they would never have acquired of free choice.

With such daily reminders of what can go wrong, it can be taken for granted that bankers will impose considerably tighter standards on their future domestic lending operations for a very long time to come. If there were a livelier demand for loans, it would very soon appear that the supply is by no means as free as historic ratios to deposits and liquidity might suggest.

It is also true, of course, that the central banks, after a forcible reminder of their responsibilities as lenders of last resort, have also become more cautious, and nowhere perhaps more so than in London. Nothing could be more natural than this reaction: but how far is it really necessary? As we have seen, bankers have proved themselves capable of a high standard of prudence where they were least supervised, but the risks were most evident; and they have now become conscious, as they have not been for a generation, of the risks inherent in their domestic operations.

One or two small ponies, it is true, have bolted; but most of the horses have had a very bad fright, and are now so docile that they are probably in less need of locks and bars than for many years. Neither the growth of the money supply nor the quality of new lending is likely to give much cause for anxiety in the near future.

Already, in fact, some members of the banking community are beginning to ask some interesting and critical questions about the objectives and methods of central bank controls on their operations.

The attempt to limit the growth of interest-bearing liabilities — the "corset," now returned indefinitely to storage—was widely questioned as an arbitrary limit on the growth of individual banks, stifling competition in the questionable cause of limiting the *apparent* growth of the money supply.

In the current issue of The Banker two officials of the Inter-Bank Research Organisation go a lot further, and question the whole case-by-case, "nod-and-wink" supervision which is such a tradition in London. They suggest that control of the credit base, supplemented perhaps by the differential reserve requirements used in so many other countries to impose a qualitative bias to official controls, would in practice be less rigid and leave bankers more *scope for commercial judgment* and enterprise than the present system.

Mutinous

The lessons of the Euromarket also suggest that it is possible to over-protect depositors; every time the authorities bail out depositors in one unsound institution, they encourage them to entrust their money to another. It is not only the sounder insurance companies which resent being asked to pay for the sins of their less respectable rivals; the "lifeboat" has one or two potentially mutinous oarsmen.

These questions are potentially important; but in the present depressed state of the economy and the financial markets they are unlikely to be operationally important for some time to come. In these circumstances the criticisms which are beginning to be heard have a much better than average chance of reaching the audience at which they are aimed. There should be adequate time to improve the present system before it is again under strain; and under such circumstances there can hardly be too much debate.

CONTENTS

Monetary policy

"IT IS ESSENTIAL that these Budgetary instruments should not be undermined by any relaxation of our stance on monetary policy. It is my intention that the growth of money supply should continue to be contained at a level which does not fuel inflation and that, consistently with this, the credit available should be concentrated on the essential needs of the economy. I will not hesitate to reintroduce the supplementary deposits scheme should this prove necessary."

(Last Budget statement)

"It will be important to ensure that in the period ahead the price targets which the Government have set are not endangered by too loose a control over the expansion of bank credit. The Government have substantially reduced the growth of the money supply in the past year and a half. They will continue to use the full range of instruments available to them to keep the growth of the money supply under firm control. At the same time they will, through the Bank of England's guidance to the banking system, see that priority in lending is given to the essential sectors of the economy."

(White Paper on Incomes Policy)

"A firm hold will also need to be kept on monetary conditions. The large public sector borrowing requirement remains the main source of monetary expansion, while industry has not recently had great recourse to the banks for finance. Industrial demand for credit may however increase, and it would be desirable to avoid adding to industry's difficulties and to accommodate this demand. In these circumstances, a greater proportion of the public sector deficit will need to be financed from outside the short-term markets and the banking system if appropriate monetary conditions are to be maintained."

(Bank of England June Bulletin)

It is necessary to quote these three statements in full, since they amount to the sum of U.K. monetary policy, so far at least as it has been openly expressed. Even from these, however, certain points of interest stand out.

First, as various political speeches aimed at the policy of the last Conservative Government have made plain in less stilted language, the Labour Government is now interested in monetary policy to the extent of admitting that too rapid an increase in the money supply is likely to be dangerous, especially if the use to which credit is put is left unregulated. Labour is particularly opposed to a free market in credit, such as flourished in the heyday of Competition and Credit Control; and it seems safe to assume that the Bank of England, which not only had to modify the shape of CCC with a "corset" which frustrated its original purpose of encouraging competition between credit institutions but has been busily occupied for the past couple of years in helping to clear up the financial mess created by excessively easy credit conditions shares some of these feelings.

Questions

Secondly, for all its new-found interest in monetary questions, the Labour Government shows as little sign of interest in the idea of a long-term target rate of growth for the money supply, however defined, as it does in the other Friedman idea of an equilibrium level of employment set by real conditions, an attempt to reduce which by fiscal or monetary stimulation will result only in accelerating inflation. Although the Chancellor and the Treasury seem to have moved some distance away from the post-war orthodoxy of demand management, and have upset established trade union assumptions by allowing unemployment to rise in an unprecedented fashion instead of attempting to reverse the rise at once with the customary package of reflationary measures, they are both far from having moved from one extreme of economic theory to its opposite.

They are playing the situation by ear—they have indeed little choice, when conditions have changed so much and so suddenly as to make all detailed models temporarily obsolete and all forecasts extremely doubtful—but clearly hope to begin managing the economy in some detail again as soon as the situation becomes more settled and they have more room for manoeuvre. Mr. Healey seems to be particularly hostile to the idea of any pre-ordained limit on the growth of the money supply, which he associates with the conditions which institutions like the International Monetary Fund might well lay down before granting us a loan, and the Treasury seems to have accepted the idea left behind by the old DEA, that government must concern itself in the business of detailed industrial planning rather than simply using fiscal and monetary policy to establish the general climate in which industry operates.

It should perhaps be mentioned here that the Chancellor and some of his fellow-Ministers, partly because of mistaken official estimates last year about the state of business liquidity and the tax relief on stock appreciation which had to be hastily granted last autumn, are much more conscious than Labour Ministers have traditionally been about the importance of corporate profitability and the implications for capital investment of its secular decline in real terms.

It is probably because relations between the Bank of England and the Chancellor are unusually cordial, in fact, rather than the reverse, that the Bank has been so unusually outspoken in its comments on policy in recent issues of its Bulletin. The June issue, from which the quotation above was taken, had some pungent comments to make about the need for an incomes policy, the financial problems of companies, and the need for cuts in the projected growth of public expenditure.

The existence of a large public sector borrowing requirement is not in itself disastrous in a period of acute business recession; but its immediate financing must increase the difficulty of managing the National Debt. The risk must be avoided of creating excess liquidity in the system which could create havoc as soon as confidence begins to return, and some means must be found of reducing the financial needs of the public sector as soon as industrial demand for credit (which is low at present, thanks to falling production and the liquidation of stocks) shows signs of reviving.

Money Supply M1:
Rate of change £m. seasonally corrected.

1974	
Mid-July	+281
August	+87
September	+53
October	+260
November	—15
December	+203
1975	
January	+451
February	—42
March	+267
April	+314
May	+103
June	+27
July	+373

So far this year the Bank has succeeded in selling very large amounts of gilt-edged stock to the public—to the point, in fact, where one intended tapstock was almost fully subscribed on issue in hopes of an early premium and the Bank was so taken aback by this evidence of liquidity in the system not fully reflected in official statistics about the growth of the money stock that it promptly engineered a sharp rise in its Minimum Lending Rate. But it is now having to depend more on sales of Treasury bills to the banks, which are probably more liquid in fact than the published figures suggest, and is therefore beginning to run up against the two most serious problems which will face it in a few months' time.

The first is whether the Government, for all its earnest undertakings about the control of public expenditure, will in fact succeed in making medium-term cuts on the scale required; the latest evidence about the introduction of cash limits does not suggest that they will have as great or as early an effect as Mr. Healey's statements led many people to expect. It is, of course, much easier to recommend cuts in general than to choose the particular items on which the cuts should be concentrated: but if comany profits are to rise again (and this is a necessary pre-condition of higher capital investment) and if consumers are to enjoy more than a miniscule rise in real disposable income when production begins to rise, cuts will have to be found and made.

The second problem which the Bank of England will face, as soon as industrial demand for credit begins to revive, is that of finding a revised method to control credit. The corset, which Mr. Healey has threatened to reintroduce whenever necessary, stifled competition in its old form and several more flexible alternatives have been suggested.

But it is far from certain whether a Labour Government is greatly interested in promoting efficiency by way of competition between credit institutions—which its Left wing, after all, is constantly if unsuccessfully seeking to get nationalised—and will not prefer simply to sterilise excess liquidity while issuing more or less precise directives to the banking system on lending priorities. To the extent that the Treasury becomes involved in planning, it may tend to support this approach and play down such suggestions for reform as the long-standing one put forward by the Radcliffe Committee—a maximum ratio of private sector advances to deposits, which might vary between different sectors of the banking and credit systems and would still leave room for the more efficient institutions to grow within an overall limit.

These basic problems, whatever sort of discussion they are at present receiving, still lie in the future. For the moment, the monetary policy which the Bank of England is pursuing, with at least the tacit of the Chancellor, seem empirical, with three objects in view.

Tactics

First, by a long way the preservation of an rate differential suffic prevent an exodus of ho from London; those business it is to stu short-term monetary la the Bank of England, th tend to work backwar the assumed policy of Federal Reserve Second, always pressin the problem of turni the National Debt and f the current public secto without storing up to trouble for the future. there is the general of which the Bank is aware, of doing noth would further di private industry from in the new capital eq that will be badly ne meet the next up demand.

On the one hand, th keeping short-term rates as low as is c with the primary aim venting too rapid a dete in the exchange rate. the Bank began long think in terms of interest rates, it is awa constraints of habit bot managers of investme and on business calc On the other hand, i avoiding premature a mop up liquidity example) calling on tl for special deposits, grounds that this mig business sentiment still

Once this hand- period is over, the pr is that the Bank will fi acting as the agent Government, but in a ventionist rather than and general regulatio credit system. Th change that is likely t the period of intensified tion is the more domin comprehensive and more readily controll of the Big Four.

Robert

Economy running in low gear

THOSE STUDENTS of the British economy who have the stamina to stay the course are likely to regard 1975 as the year when, in the latest immortal words of the author of "Catch 22," *something happened.*

Such students will recall that for some 20 years or so after World War II successive Finance Ministers struggled to combat a 3 per cent. rate of inflation which in retrospect looks like a good definition of price stability. Those were halcyon days indeed, when the twenties and thirties guilt syndrome entered every Chancellor's spirit, and the possibility of the most minute rise in unemployment was enough to bring out all the reflationary arsenal.

Now here we are with prices having risen by a quarter in one year; unemployment at over 1m.; and Mr. Denis Healey, the present Chancellor, effectively saying he can do nothing about it, and that things will get worse before—we infirmly hope and trust—they will get better.

It is true that the whole of the advanced and not so advanced world is suffering from the biggest economic recession since World War II. But the U.K. is almost unique among the leading industrial nations, first because it has a bigger inflation problem than most and secondly, for the long delay before it attempted to do something about this problem. Indeed, it is not too cynical to suggest that for much of the past few years policy was in practice geared to not doing something about it. We talked about the need to tighten our belts—then proceeded to loosen them.

But in 1975 the country has moved into recession with a bang. Gross domestic product fell over 1½ per cent. in the fourth quarter of 1974, stayed more or less at the same level in January-March this year, then dropped a further 2 per cent. in the second quarter.

These figures give a less clear picture of the real effect on industry, however, than those for industrial production alone. This fell in both the fourth quarters of 1974 and the first quarter of this year; plunged 3½ per cent. in April-June; and by July was back to the average level recorded in 1970.

There has been a particularly sharp reduction in capital spending by manufacturing industry—down 9 per cent. between the second half of 1974 and January-June this year. At a time when Mr. Healey has been calling on industry to invest in preparation for the next world boom, the combination of financial constraints and their own views about the course of output and demand has led to a drastic pruning of companies' investment plans. According to the National Institute of Economic and Social Research, manufacturing investment will plunge a staggering 24 per cent. between the fourth quarters of 1974 and 1975. Year on year, investment is forecast to decline 13 per cent. in 1975 and a further 14 per cent. in 1976.

Trend

Most forecasters envisage that the main economic indicators of output, activity and demand will go on getting worse for the next six to nine months or so, with the exception, it hardly needs saying, of "public authorities' current spending," which is expected to continue its inexorable upward trend.

Until recently at least, the assumption has been that during the course of 1976 the trough will be reached, and that a cyclical revival in world demand will lead to a slow, export-led recovery in the U.K. The National Institute, for example, has built a 4 per cent. growth rate in the volume of exports of goods and services into its forecast for the economy from fourth quarter 1975 to fourth quarter 1976—easily the most buoyant element behind what is seen as a gentle 1.9 per cent. recovery in gross domestic product over that period.

The assumption of a world trade recovery is still very much with us, but its timing is in doubt, particularly after the dramatic revisions to forecasts recently unveiled at the annual meeting of the International Monetary Fund.

From the economic policy point of view, the world trade position is likely to add to the pressure on the Chancellor to take measures to expand the economy before it is entirely manifest that the anti-inflationary policy has a chance of succeeding.

For, even if the world trade recovery is dramatically revised forward again, all forecasters—Keynsians, monetarists and palm readers—are agreed that unemployment will in any case go on rising to 1½m. and probably higher. Monetarists such as Mr. David Laidler can be credited with having predicted this sort of unemployment level over a year ago, on the basis of the deceleration in monetary growth which occurred between 1972-1973 and 1974.

It was pointed out above that Mr. Healey has been effectively saying he can do nothing about the unemployment trend at the moment. The big question is for how long he can go on saying this. Some economists argue that the Government must sit tight and do nothing; that unemployment is the old-time bogey which scares the death out of the unions; and that the recent TUC approval by a two to one majority of the incomes policy is a demonstration of this. Others believe that, however strong this argument may be, the limitations on a democratic government's *ability to hold out in this way* remain as strong as ever, and that the Government is going to be forced to reflate its way out of this situation.

One of the difficulties here is that it takes a long time for employment to respond to policy changes and to changes in industrial output: the Chancellor might be forced into introducing measures which do little to alleviate the unemployment which is already in prospect, but store up plenty of inflationary trouble for the next boom, in the course of the long term trend towards ever higher rates of inflation.

One school of thought argues that, rather than risk "too much" reflation next spring (say), the Government should be thinking of reflating modestly from now on. But the idea of reflating fairly soon seems to pose major problems. Although there has been some deceleration in the various price indices recently, there is still a long way to go before the rate of inflation can be considered to have fallen to even remotely comfortable levels. At the same time the U.K. authorities are haunted by the fear that, with so many overseas loans already run up to pay for past excesses, any further risks with the balance of payments could prove the straw which camel's back.

Some reflation now much later are not ne alternatives. Anyone sufficiently worried ab underlying inflation might want to opt for n and some later. But her much depends on an ass of what is politically able.

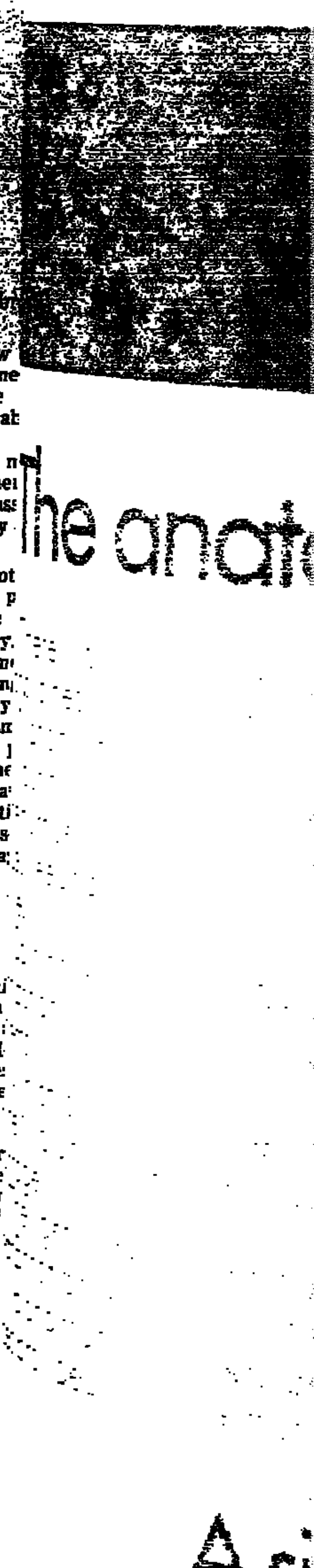
Any strategy has got into account what the p are after year one current incomes policy. be that the Governm decide there is nothin usefully or even safely —apart from the cosm such measures as the "temporary employme sidy"—and that refla cuts in indirect taxati year would make the s the Government's "sta more presentable.

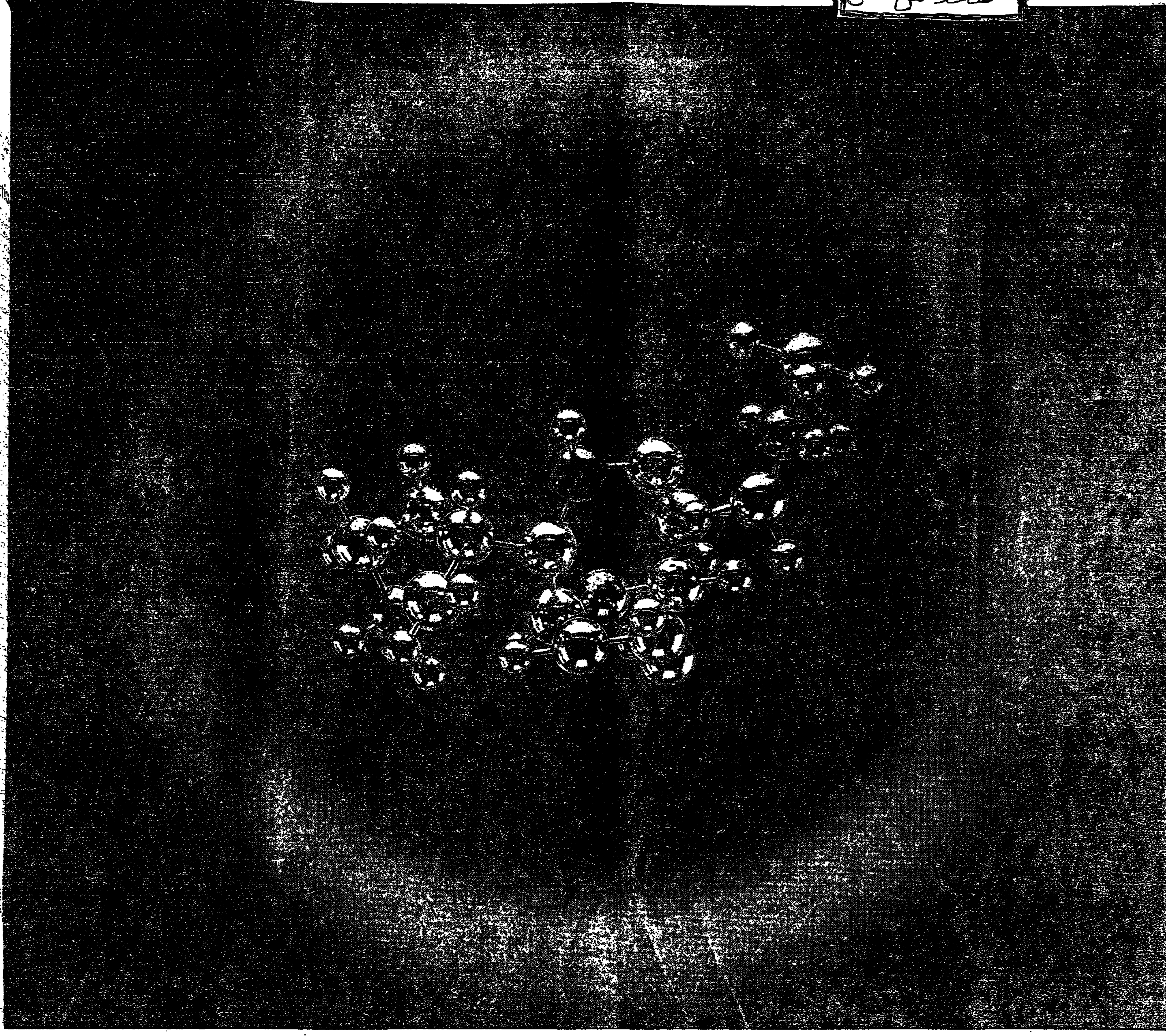
Measures

It is worth noting in text that "doing nothi a time does not mean ately forcing output ployment to fall ind Reflationary measure been taken in countrie have had more scope duce them; the revival trade is bound to occur ally; and meanwhile the Statistical Office's two c indices of "leading ind are in any case pointi revival in the economy months hence.

But even if such a approach were taken Chancellor, its imp would fade into insign unless something serious about the control of the sector spending. Much h spoken and promised limits on the growth of ment and local authority ing, and if recent forec to be believed, the bal resources will improve c ably in the next few Unfortunately nobody such forecasts. And si pressure of Government ing is at least as signifi trade union wage dem the monetary excesses have produced the U.K.'s ing rate of inflation, suc the employment/incomes front would not be suffic itself.

William K
Economics Corresp





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Ample funds to lend

THE SLOW GROWTH of bank lending in recent months has left the banking system in a highly liquid condition. The ample funds available for short-term investment have been reflected in exceptionally high demands, for example, for Treasury bills which have been helpful to the Bank of England in supplying the Government's borrowing needs. The possibility that rapid growth of the money supply could be resumed if there were a significant revival of demand for bank finance has led to the thought that the authorities could need to take action to mop up some of the surplus funds. Yet with industry moving deeper into recession and sharply falling investment levels, there is little sign yet that the banks will be required to meet substantially increased loan demands.

The latest breakdown of lending by the London clearing banks demonstrates the sluggish demand for borrowing, particularly by manufacturing companies. In the three-month period to mid-August, advances to this sector showed a fall of £152m., while the "other production" sector increased its borrowing by a modest £25m.—more than accounted for by a £39m. increase in agriculture, forestry and fishing.

The personal sector borrowed £75m. more, largely as a result of half-yearly charges, and the only sector which showed a significant rise was services, with an increase of £158m. This figure, however, was somewhat exaggerated by the effect of the fall in the value of the pound against other currencies in increasing the sterling value of foreign currency loans.

The situation is a marked reversal of the problems which seemed likely to face the banks a year ago. At that time, they were beginning to express anxiety about the prospect of a continued rapid expansion of lending to industry, which would bring pressure on their own resources and, against a background of economic difficulties, threaten a sharp growth of bad debts. Making sure that industry was supplied with necessary finance, both for working capital and as back-up to new real investment, has been the main priority of the banks throughout this period. Official guidance on lending, reaffirmed regularly, has been that the banks should hold down their loans to the personal sector and to less favoured industries such as property and finance (though recognising the special needs of the hard-pressed property sector) in favour of supporting industry.

Pressure

The pressure on industry had been building up for some time. In both 1973 and 1974 industrial and commercial companies were in heavy financial deficit, and though this was reduced during last year their deficit was still running at an annual rate of almost £3bn. by the end of the year. The recourse made by companies to the banks was consistently high: the increase in borrowing was £5.49 bn. in 1973 and another £4.56 bn. in 1974. And though last year's figure was smaller, the difference was more than made up on the other side of the account by the small rise of only £590m. in companies' bank deposits during 1974 compared with a £3.43 bn. increase in the previous year.

The pressures at this time last year were reaching a peak, created by the combination of a high rate of inflation, the tax measures taken by the Government in the earlier Budget which had the effect of draining liquid funds out of industry, and the collapse of the stock market which left no opportunities for companies to raise new long-term finance through public issues. The difficulties were highlighted by Mr. Harold Lever, whose ideas of setting up new medium-term loan facilities have now been put into effect with bank and institutional support through the medium of Finance for Industry.

Even at that time, the banks were not short of funds to lend. After its initial impact, the "corset" restriction on the growth of their interest-bearing eligible liabilities had ceased to have much relevance; the banks were and have remained well within the limits set in December, 1973, and later extended for another 6 months, and earlier this year the Bank of England, recognising that the restriction was not operative, withdrew it. The banks, however, were concerned that if the expected upsurge in lending came about, it could bring pressures on them in relation both to the "corset" and to their own resources.

There were widespread fears that the difficulties in the company sector demonstrated by the problems of companies such as Court Line and Ferranti could develop into an extensive bankruptcy of industry. The banks were concerned that their lending to industry was being used mainly not for new investment but simply to finance inflation—keeping up with the increasing cost of stocks and raw materials. They were themselves committed to a £1.2bn. support operation for the fringe banks which, it had already become clear, would not be unwound for some considerable time. They were facing substantial bad debt-provisions out of their profits for the year; and they were anxious about their own capital ratios at a time when profits were under pressure and inflation, was reflected in the continuing expansion of their deposit funds.

The turning point came with the November Budget last year. This brought some slight relaxation of the restraints imposed on the banks themselves, including modest changes to the "corset" and the restoration of full interest payment on their special deposits with the Bank—the loss of which was a penalty imposed under earlier prices and incomes policies. The most important points to emerge, however, were the expansion of FFI and the Government's measures to help industry through tax reliefs and price code changes to produce total assistance of some £1.6bn.

Measures

These measures contributed to a substantial easing in the immediate financial position of the company sector in the early part of this year, and the Bank of England pointed out in its recent Bulletin that this showed up in a substantial rise in the bank deposits of industrial and commercial companies in the first quarter. This increase was broadly as big as their borrowing from the banking system, a significant change from the previous position. At the same time, companies have been helped by the revival in the stock market permitting a renewed and substantial round of new share issues.

The deepening recession, at the same time, has cut back the company sector's financing needs. Recent figures have shown a sharp drop of 7 per cent. in industrial investment in real terms in each of the first two quarters of the year, while in the second quarter manufacturers' stocks showed their first overall fall for 2½ years apart from the exceptional period of the three-day week early last year. In contrast to last year's experience, therefore, the efforts made by the banks have been to increase their lending against a depressed background.

During the first half of the year it has been possible, with the help of trends in the rest of the world, to establish a steady and substantial decline in the level of interest rates, helping industry and other borrowers and offering encouragement to new borrowing. The big banks' base rates were cut in several stages from 12 per cent. at the beginning of the year to 9½ per cent. in April.

The position has been changed now as a result of the Bank of England's move to jack the level of London interest rates up again towards the end of July in order to help the pound against the dollar. The banks as a result have had to push their own base rates back up to 10 per cent., and the hope that the move would need to be only temporary as U.S. interest rates started to come down again is proving increasingly difficult to sustain. Nevertheless, it is clear that the move was made for external reasons, and that both the banks and the authorities remain anxious to encourage more lending domestically.

One result of the downtrend in interest rates has been that the problem of arbitrage borrowing and switching, which worried the banks considerably during the sharp upward movements of earlier periods, has been greatly reduced. Indeed, at times this year mone[y] levels have moved [...] lower than the cost [...] lending, producing s[...]dence that borrowing switched away from t[...]ing banks to other [...] (infelicitously descri[...] "reverse arbitrage"). [...] switch back to the clea[...] market rates went up that forced the cleare[...] unwillingly to lift th[...] base rates.

Other than this t[...] movement, however, [...]ments in lending ha[...] slow. In this situa[...] banks have been ende[...] to develop other techn[...] lending; in particular, the clearers have bee[...]ing quite hard their [...] term lending faciliti[...] help industry with i[...] and for their own pu[...] a substitute for "h[...] overdraft lending. The term loan had been [...] during the years wh[...] drafts were rising ra[...] the past year or so has [...] the opportunity to ma[...] use of this technique.

At the same time, th[...] personal sector remai[...] to general restriction. [...] have been showing [...] being a little easier [...] potential borrowers [...] sector. Nevertheless, [...] absence of renewed d[...] in the industrial se[...] banks are likely to c[...] experience sluggish [...] conditions, with the o[...]diately hopeful factor [...] possibility that the s[...] down of industrial st[...] be reaching its troug[...] prospect of a renewe[...] later this year.

Michael [...]

U.K. BANKING SECTOR: MONTHLY CHANGES (£m.)

Month ending	Total	Lending to public sector: Sterling Total Unadjusted	Seasonally adjusted	Central government	Other	Other currencies	Lending to private sector: Sterling Unadjusted	Seasonally adjusted	Other currencies	Lending overseas: Sterling
1975 Feb. 19	− 891	−359	+369	−457	+ 32	+ 66	+ 71	−118	− 23	−57
Mar. 19	+ 590	+173	+319	+ 55	+ 95	+ 22	−170	−217	− 69	+52
April 16	+1,750	+486	+198	+ 31	+394	+ 61	− 47	+128	+ 36	+87
May 21*	+1.521	+250	+562	+ 7	+180	+ 63	+ 9	+ 61	+208	−54
June 18	+1,211	+687	+364	+748	−105	+ 44	−311	−222	+274	+64
July 16	+3,841	+535	+476	+464	− 32	+103	+531	− 54	+116	+45

* Partly Estimated.

Source: Bank of England.

The City and Whiteha[ll]

OF ALL the problems that currently beset the British economy none is more important or more intractable than the problem of how to stimulate the new investment that Britain needs.

It has been recognised as a problem since well before the last war, but successive governments have, by and large, failed to get anything like the required amount of new money into industry. So many factors are responsible for this that no single one should take all the blame. But in the past year the City has attracted a good deal of attention for what is alleged to be its particular failure to channel enough money into productive industry.

Certain sections of the Labour Party have always regarded the City as little better than a casino where the participants gamble with other people's money—with the banks acting their part of over-profitable moneylender in the background. While this is clearly a gross caricature, it is also true that many in the City acknowledge that they have been ill-served by their own reaction to the events of the past two years.

Collapse

In the public mind, for example, the property boom and the sudden wealth it brought with it were clearly associated with the City as was the collapse of the secondary banking sector that followed when the boom evaporated. The slump in share prices at the beginning of the year, and their swift recovery, dented the City's reputation for coolness. Brokers themselves now concede that the movement of share prices did for a while give the impression of something close to panic.

At the same time there have been allegations of insider trading and other infringements of the accepted Stock Exchange code of practice and suggestions that there should be a Government commission—something like the U.S. Securities and Exchange Commission—to regulate the stock market—something which the City has always argued that it can do better itself.

If some of the events of the past year have given a number of members of the Government fresh ammunition, there can be no doubt that the City itself is now moving rapidly to reassess its own role and procedures in the light of the past two years. With Bank of England backing, a number of important committees are reviewing the way in which the City operates and how it might develop in the years to come.

Two of the most important of them are the Capital Markets Committee and the Company Law Committee. The former is investigating the relationship between the domestic and the international capital markets, the role of the investor and the financing of new investment, and the whole question of policy on mergers and acquisitions.

The Company Law Committee, meanwhile, is looking at shareholders' rights, insider trading, the duties of directors and other matters related to employee participation as it affects company law.

These and other committees should do a good deal to restore investors' confidence in the City and the City's confidence in itself, but they are likely to be less successful in silencing the City's critics. Not all of these are in the Labour Party. Earlier this year, for instance, Sir Charles Hardie wrote that "the City has fallen down on the question of loan finance and other means of arranging long-term permanent finance for medium-sized companies." Many industrialists, although more reticent, share this view and compare the City unfavourably with the way in which investment is raised in other countries.

The Government has certainly taken a view similar to that of Sir Charles and since the last election there have been a number of schemes — notably the National Enterprise Board under Lord Ryder —designed to promote new investment. The private sector has been responding with such bodies as Finance for Industry, but these have been relatively limited in scope and are regarded by some of the City's critics as little more than window-dressing.

In April, Mr. Antony Wedgwood Benn, when still Secretary of State for Industry, published a paper setting out a plan for £8bn. of new investment in the City. It would be funded by the institutions and the banks channelling a proportion of their money into a fund to be used for new investment. Since then Mr. Jack Jones, secretary of the Transport and General Workers Union, has proposed that companies should be required to reinvest a certain sum each year to build the new factories that he considers are so urgently needed.

Mr. Benn is no longer in charge of industry and Government policy has since been somewhat clouded by a series of ministerial statements designed to quiet some of the fears that followed Mr. Benn's exposition of his policy. But the steady rise in unemployment is already leading to great pressure on the Government to develop a new investment policy to help reduce the number out of work.

Solution

For its part the City does not argue with the need for investment. Indeed many bankers and stockbrokers would probably analyse what is wrong with British industry in much the same way as Mr. Benn. Where they differ very sharply is in the solution he proposes and in the reasons that he puts forward for the situation having arisen in the first place.

Whereas many in the Labour Party and elsewhere believe that the City is to blame for the lack of money invested, the City points to what it sees as Government incompetence and reluctance to grasp several nettles—particularly the power of the trade unions, overmanning and overspending by successive governments themselves. There has been too little investment in British industry, their argument runs, because industrialists and their financiers have little or no idea of what Government policy will be in two years time, no certainty that there will be a market for what they produce and no assurance whatever that they will be able to sell it at a reasonable price.

Despite this, the argument continues, there has been a record amount of new capital raised this year in the City by means of rights issues, which proves that the City is still prepared to put money into industry. However, it is conceded that much of this money has gone not into new plant and equipment, but into reducing the burden of debt that so frightened many companies when interest rates climbed so steeply some months ago.

In an interim report entitled The City as Provider of Funds for Industrial Investment, the Capital Markets Committee noted in June that "to suggest that these ills should be remedied by directing capital into industry is to attack the symptoms, instead of attacking the disease." The ills, [...] include the lack of i[...] and the quotation acc[...]flects the feeling of [...] majority in the City.

Nevertheless there [...] clear signs that the [...] moving towards se[...] some kind of fund, fi[...] a specified proportion [...]tutional money and de[...] finance new ventures [...]ing companies, to h[...] companies and to assis[...] ones which may be i[...]ary trouble. A recent [...] of this last function [...] the City's rescue of F[...] lorry producer, when [...]tutions jointly unde[...] £3m. rights issue wh[...] mean them ending up [...] per cent. stake on fu[...]sion. Interestingly, th[...]ment quietly withdr[...] the whole affair an[...]aged the institutions [...] comparatively unfam[...] of rescuer.

The task of attempti[...] up the new fund, or [...] fallen to Sir Henry Be[...] merly chairman of Co[...] Lybrand, and now [...] adviser to the Bank of [...] Little has so far b[...] about his progress a[...] known that some in[...] are far from keen on [...]tral fund of the type s[...] but many observers [...] that something is still [...] come of his initiative.

How such an ins[...] equity bank will be reg[...] the Labour Party, if it [...] ahead, remains to [...] Neither the bank's s[...] nor Lord Ryder [...] others' fund as co[...] many Left-of-ce[...] others may argu[...] be better if all t[...] mon[...]able was channelled [...] the Government whic[...] ought to decide which [...] of the economy shoul[...] couraged and in what [...]

Clearly the debate is [...] over. The City will co[...] be suspicious of gov[...] and scornful of the e[...] policies of the past 2[...] while the Government [...] watching closely to see [...] City actually does to e[...] new investment. Desp[...] mutual suspicion, howe[...] now clear that not only [...] sides recognise the prob[...] are also perhaps more [...] to listen to each other [...] any time in the past tw[...] Both sides also conce[...] after so many failures [...] late investment, there [...] be as good a chance aga[...]

Davi[...]

Flexible controls

E BANK of England's roach to the supervision of U.K. banking system has n aptly described by the ase "vicarious participation management" used in a nt academic study of the ject. Following the experi-es of the secondary bank apses and the problems in rnational banking it has n essential to extend the k's supervisory net much e widely and to set out the s more clearly. But the k has remained determined keep the flexibility and the vidual approach which have racterised its activities in area and to avoid setting detailed rules which all ks would be required to iw.

he need for change was erlined in late 1973 and dur-last year by the problems in fringe banking sector and difficulties experienced by a iber of banks in foreign ex-ige dealing. Traditionally, Bank's interest in the bank-sector had been limited: its n concern was with institu-s such as the discount houses the accepting houses which a special relationship with Bank, and with the clear-banks where contacts always been close if rmal. The growth of the ign banking community in don, the rapid expansion of parallel money markets h permitted the growth of secondary banks and the ked extension of the activi-of some finance houses, and subsequent loss of con-ace, changed the situation.

i addition, there is in the ground the discussion of nonisation of banking legis-on within the EEC which, igh being soft-pedalled, is ly in the long run to require some rather more formal rules in London. Finally, there is the position of the clearing banks themselves. There can be no question about their stability, in spite of the bad debt problems experienced in the past couple of years; and it is arguable that because of their special role in the economy and because of the underlying stability of their deposits, they are less in need of detailed regulation than any other banks. Their loss pro-visions have been easily absorbed by their capital bases, and the clearers were left out of the initial steps which the Bank took to improve its information about banking activities.

Clearers

Nevertheless, the clearers have found themselves in a slightly awkward position in the past two years. In late 1973 and early 1974 they were under con-siderable attack because they were making substantially in-creased profits as a result of sharp rises in interest rates. Under this pressure, they insti-tuted considerable cuts in the charges made to personal cus-tomers. They also, however, mounted a defence of their own position on the grounds that they needed the profits in order to build up their capital re-serves.

The value of adequate re-serves has been amply illus-trated by the bad debts and losses such as Lloyds experi-enced in Lugano. At a time of high inflation, the banks find their deposit resources rising rapidly in line with the general price level. But at present their profits are under pressure, as a result of lower interest rates, higher costs and a depressed level of new lending. Their current efforts to persuade the Price Commission to allow them to raise charges is partly an attempt to redress the situa-tion.

Against this background, the question of prudential ratios—the level of a bank's capital in relation to its deposits and lending activities and the pro-portion of assets which should be kept in liquid form—has become an important issue. At one stage, indeed, the Finance Houses Association, in an effort to restore damaged confidence, considered setting out its own ratios for members, though now it is inclined to leave the job to the Bank.

Considerable debate on this issue has been conducted in the U.S., where regulation has been much more detailed. In the U.K., however, the approach has historically been relatively crude, with only fairly broad guidelines such as the ratio of capital and reserves to deposits generally noticed. Now, how-ever, much more detailed atten-tion is being paid to the prob-lem as part of the effort to improve banking supervision, and the Bank is setting out the sort of ratios it expects to examine when considering the solvency of banks.

One problem is that the recent debate has cast some doubt on the value of some of the accepted ratios as protec-tion against difficulties. U.S. observers have argued that there is little evidence that bank collapses in the past have arisen normally because of the lack of sufficient capital and reserves to support losses. And in an important paper earlier this year in which he set out his general approach to the issue, Mr George Blunden, head of the Bank's supervisory department, pointed out that it was a liquidity problem rather than questions of capital adequacy which was generally responsible for the recent diffi-culties in banking systems here and abroad.

The Bank's approach to the problem of supervision, as Mr. Blunden explained, has in-cluded several steps. It re-quired some changes in the organisation of the Bank itself, including expansion of the number of people involved in the supervision exercise. Most important, it has included a considerable increase in the amount of information flowing to the Bank and its coverage. Existing statistical returns, supplemented by special pru-dential returns, are being provided quarterly by all banks as well as members of the Finance Houses Association, with the exception only of the London and Scottish clearing banks and the British overseas banks (which fall into a special category).

In examining balance-sheet relationships, Mr. Blunden went on record with the view that "for far too long there has been too little discussion of these matters in this country and that such ratios and rela-tionships as have been conven-tionally accepted here in the past are probably too simplistic to be satisfactory guides for modern banks on their own." The Bank has therefore supple-mented these with more de-tailed guidelines relating to capital and liquidity.

Protection

In relation to capital adequacy, attention is being in-creasingly concentrated on the "free capital ratio." The point is made that a bank's capital and reserves are required first to cover its "infrastructure"—its investment in premises and subsidiaries—and then to pro-vide protection for depositors against losses and risk. In assessing the adequacy of this provision, the Bank is now tak-ing note of the nature of the risks involved in a bank's lend-ing activities, the level of cur-rent earnings and the nature of the capital itself—"Loan capital," Mr. Blunden argued, "seems quite inappropriate as a defence against the risk of loss."

Liquidity is regarded as probably even more important. And here again it is necessary to examine in detail the rela-tionship of liquidity to differ-ent types of lending and de-posits and the ability of a bank to borrow more funds if needed. "We need to develop fully-rounded principles of matching to govern the assessment of adequate liquidity for term de-posits; we need also to assess how far each bank can rely on buying in liquidity on the whole-sale markets."

The Bank will therefore be undertaking a much more detailed analysis of each bank's activities, including those of the clearing banks which for the first time have agreed to submit annual returns. But what the Bank is definitely not doing is to try to set down rigid ratios either publicly or privately for banks to follow. It has con-sistently argued that each bank must be treated individually in relation to the nature of its own business.

Moreover, examination of balance sheet ratios is only part of the supervisory process. The Bank continues to place empha-sis on knowing the people who are running a banking business and on discussing any problems freely. The approach was summed up by Mr. Blunden as having four essential character-istics, flexible, personal, pro-gressive and participative.

Michael Blanden

'Lifeboat' still needed

EARING UP after the ondary banking crisis is ving a much lengthier pro-than anticipated, just as scale of the upheaval, essitating a £1.2bn. support ration, outclassed all ex-ations.

ut in the last few months art has been made, through ain closures, reconstruc-s, mergers and major agement changes, towards lamentally reshaping the purchase and "fringe" ting concerns affected. ody pretends, though, that voyage of the "lifeboat"—accepted name for the ie operation launched by oig clearing banks and the of England—will be dly or easily completed. ireover, uncertainties over exact long-term future of of the major beneficiaries support—notably United inions Trust, the large ce house, and First onal Finance Corporation, likely to endure for some

e crisis, the most serious British banking this cen-broke almost two years following the strong nsion of money supply h had fuelled the rapid and spread growth of lending investment by concerns ly financed with deposits the public.

e more restrictive mone-policy of mid-1973 made funds, placed with groups de the big clearing banks, erable to any change in the sitors' investment policy, the collapse late that year e fringe bank London and ty Securities soon touched widespread withdrawal of sits.

epped in

fend off a crisis of con-ce, the large banks, under egis of the Bank of themselves stepped in s to replace the posits and so staved is ous and cumulative famine threatening many rns.

t what had at first looked a temporary liquidity prob-turned out far more us and within months ers of the supported con-s found the value of their s also hard hit by the ictive money climate. With stock market falling ily, property values tumb-and borrowers—often selves property concerns—fficulty over paying loans, idary banks found their problems compounded by kage of the worth of their lesses.

some cases, solvency was d in question—and a er of collapses ultimately wed.

ronger groups, whose net h was less eroded, found the decline in their assets hardly provided the background against which confidence could revive enough to generate fresh flows of their traditional deposit finance. The problems of groups like UDT, Mercantile Credit and FNFC, with large hire purchase businesses, had been increased by their later involvement in substantial property lending.

In these circumstances, the "lifeboat" support group, in which the Bank of England, which provided 10 per cent. of the cash needed and supplied the operation's chairman, in the shape of the Deputy Governor, Sir Jasper Hollom, had to pre-pare for a long involvement.

Support loans from the big banks grew as existing bor-rowers needed to draw more, with the maturity, and often withdrawal, of term deposits from the money markets, and as a few more concerns en-countered problems forcing them also to resort to the life-boat.

By last autumn, total funds committed to the lifeboat had reached the huge sum of some £1.2bn. and the clearing banks served notice that they were un-able to raise their involvement further. In response, the Bank of England let it be known that any excess needed over that sum would be provided from its re-sources, so that the whole opera-tion could be continued as needed.

The tough stand of the clearers (who, with a participa-tion by the main Scottish banks, provide the 90 per cent. private sector contribution by the sup-port group) was understandable. More than £1bn. was a large commitment out of their £12bn. of U.K. advances, and in addi-tion they were facing problems—which still continue—over a further £1bn. in loans to the property sector.

Indeed, the steep fall in pro-perty values, and resultant stag-nation in the property market, had produced a further crisis, added to the secondary banking one, this time surrounding the banks' large property lending books. As recession in property mounted, development and in-vestment concerns in the indus-try faced increasing difficulties in servicing loans, and the banks had to extend many advances beyond the expected term, and often to "roll for-ward" unpaid interest. This again was unexpectedly tying up large clearing bank funds. More-over, both property companies and the banks have had to face the prospect of writing substan-tial amounts off asset values, and loan values, respectively.

Looking back, one can see that the clearers' insistence on setting a firm limit to their financing of the secondary banking support operation marked something of a turn-ing point. It was the prelude to the start of a more active phase in the tidying up process and was followed by a crop of developments, including mer-gers and closures. It also led to an acceleration in the pro-cession of top clearing bankers into controlling roles at the larger assisted concerns.

Of the collapses the most notable was that of Triumph Investment Trust, in late-1974. After this came the failure of such names as Burston Finance (whose parent, Burston Group, is going out of business after selling its authorised banking offshoot, Burston and Texas Commerce Bank, to the Ameri-can Texas Commerce Bank) and of the privately owned David Samuel Trust.

Large stake

A number of major recon-structions of hard-hit secondary banking concerns have also followed, such as that at Cannon Street Investments, in which, in its new form follow-ing the failure of its Cannon Street Acceptances banking subsidiary, the National West-minster Bank now has a con-trolling stake. The former J. H. Vavasseur has been recon-structed twice, and Cedar Hold-ings has undergone major reorganisation.

In any appraisal of the cur-rent state of the lifeboat opera-tion, however, it is important to concentrate on the fact that more than five-sixths of the sup-port—over £1bn. out of still some £1.2bn.—is accounted for by the five largest recipients.

Of these, the most major bor-rowers are United Dominions Trust, with some £450m. of support loans, First National Finance Corporation, with about £350m. and Mercantile Credit—in process of being taken over by Barclays Bank—with £140m. (£166m. at the time of the Bar-clays bid). The next biggest is Bowmaker, in the C. T. Bowring group, whose borrowings appear to have been roughly halved to some £40m.—and which may soon become the first of the lifeboat's passengers to be landed to continue its exis-tence independently. There are signs that its remaining debt to the support group will be funded, for repayment over several years.

The next largest recipient is Keyser Ullmann Holdings, whose borrowings from the life-boat are now also halved from their peak of £65m., at some £33m. Developments at KU have been typical of those seen at many assisted secondary banks, perhaps first in that a leading clearing banker, Mr. Derek Wilde, a vice-chairman of Barclays Bank, moved in as chairman in April, succeeding Mr. Edward du Cann, chairman

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Money shop decline

NOT SO much is heard nowadays of the "money shops" which began to pop up in High Streets throughout the country in the early 1970s. This is because, along with everything else in the consumer banking field, this sort of operation has suffered from the reduction in HP and other instalment credit debt since the end of 1973.

United Dominions Trust, for example, once owned 30 money shops throughout the country; to-day none remains, leaving this particular field almost completely open to the American banks, which seem still to find their commitment worthwhile. Forward Trust, the subsidiary of Midland Bank which has roughly 15 money shops, appears to be the sole opposition.

Basically, the money shops have never really competed with the clearing banks — more with the finance companies. The Americans have undoubtedly found it very difficult to break into the "point-of-sale" credit business where strong links have existed for years between retailers, and such names as Lombard North Central, Lloyds and Scottish, UDT, Mercantile Credit and Bowmaker. So instead of dealing with the consumer in this indirect way, it was all part of the U.S. banks' marketing strategy to approach the customer direct. First, this was achieved through mail credit, with the consumer answering to newspaper advertising, and later through money shops.

Loans

Boston Trust and Savings, a subsidiary of First National Bank of Boston, was created in just such a manner and two years ago, 12 months after it was created, it opened its first money shop. The group now has around ten shops and is steadily opening others. From each of these shops it is possible to obtain unsecured loans of up to £1,000, a continuous credit facility which includes a cheque book and identity card, secured home loans of between £700-£5,000, plus the usual savings and deposit accounts.

It is also possible to satisfy investment and insurance needs. Save and Prosper unit trusts are available, and the Norwich Union underwrites all insurance policies sold, from life and fire to general contracts.

The object is one-stop-shopping, maximum speed and convenience and as little paperwork as possible. Loans can be applied for and obtained in under a week, provided there are no hitches, since all applications are processed on the spot, with the manager granted full discretion.

The rates offered depositors are higher than on more established forms of investment—savings accounts attract 8½ per cent. gross, subscription accounts 9¾ per cent. gross, with variable rates on deposits depending on the period. But it is also true that the rates of interest on borrowings are higher than on, say, a personal loan from a clearing bank but a little less than those available on hire purchase arrangements.

The pattern is fairly uniform among all the money shop type of operations. City Bank Financial Trust is slightly different in that it does have some point-of-sale instalment credit business; this arises because of National City's purchase three years ago of Campbell and Lincolnshire Finance, an existing U.K. business. City Bank Financial Trust emerged from this take-over and now operates 25 money shops, two of which were opened as recently as three months ago.

Aware

The real test for the money shop style of operation will come when the Trustee Savings Banks and the National Giro get under way with their lending facilities. There are considerable areas of overlap. Neither the TSB nor the money shop operations would pretend that they compete with the clearing banks; basically the latter takes over where they leave off. So, in the sense that their customers tend to be of the less-sophisticated, non-banked variety the competition is bound to be fierce. For the finance companies, however, the coming of age of the TSB and Giro will not have such a marked effect since a great many conduct point-of-sale business.

The clearing banks, too, will have to remain aware of their two new and ambitious rivals. Both are in the money transmission business, both will be lending (albeit cautiously at first) and the TSB will be offering, in due course, a complete banking service, including foreign exchange, travellers' cheques, unit trust investment, overdraft facilities and personal loans. The only area where the clearers can rest easy is on the commercial lending side, since the TSB is confining its lending activities to the personal side only.

So far the clearing banks have made no specific moves in advance to counter any National Giro or TSB threat. National Westminster is already in the consumer lending business through Lombard North Central and, like everyone else, at one time did explore the possibilities of opening money shops. However, in a less buoyant financial climate it appears that the bank is now more content to concentrate on "hardware"—i.e., self service financial terminals which will enable customers to withdraw up to £100 a day and obtain a cheque book or statement at any time night or day. In this way, the bank is hopin[g] staff will be able to spend time on the lending s[ide of] banking.

Barclays, through its B[arclay]card subsidiary, has the [...] loan scheme through wh[ich to] attract borrowers. Whil[e ...] has been in existence for [...] years it has been noted b[y com]petitors that the Mast[...] has been pushed very [...] over the past twelve [...] through retail outlets—in [other] words, the indirect p[oint-of-]sale finance that the TS[B and] Giro will not have.

But being allowed to [move] into the area of co[nsumer] lending may not necessa[rily be] the blessing it seems f[or the] TSB and Giro—at least [judging by] the warning coming fro[m those] in the business already. [Lend]ing is a new experience [for the] TSB and Giro and doub[ts have] been expressed as to th[e level] of expertise at branch l[evel].

It is one thing being [able to] lend, but quite another [to be] able to collect the repa[yments.] Old hands in the lendin[g busi]ness will confirm that it [is no] pleasant or easy task ha[ving to] call at the home of s[omeone] who has missed the la[st] payments. The consen[sus of] opinion suggests that [...] the Giro will have greate[r prob]lems than the TSB, th[e latter] having had some experi[ence of] offering loans with the [...] of certain finance compa[nies.]

What is in no doubt [how]ever is that the race is [on to] attract the currently un[banked] customer. Branches [of the] clearing banks have [been] alerted to the threat t[hat the] TSB and Giro might [pose in] the future and the hope [is that] through the combinat[ion of] national advertising [and] friendly local camp[aigns] some of these potential [custo]mers will be mopped u[p. How]ever, it is obvious that [if the] clearers had the form[ula to] attract these depositors [in the] past they would undo[ubtedly] have applied it before n[ow. The] conclusion to be draw[n] is that perhaps th[e banks] and finance houses are [a] little more rattled th[an they] would like to let on.

Keith [...]

More reliance on wholesale funds

TWO FACTORS have had a major influence on the wholesale money markets in Britain this year. The first has been the burgeoning public sector deficit and the second has been the need to prevent the value of the pound from being eroded even more rapidly than it has been in the past few months.

At the same time the banks have had to cope with the aftermath of the secondary banking collapse, the decline in industrial production and the decision by most companies to go as liquid as possible lest they run into another cash crisis like the one that caused so much anxiety to so many of them some months ago.

The public sector deficit, now put at around £9bn. for the year, has meant that the wholesale money markets have been affected by the constant supply of money being pumped into the system faster than it is being taken out in taxation. In the first quarter of the year, for instance, there was a "very flat" tax season for a number of reasons which meant that there were no net payments to the Treasury.

Meanwhile many companies, either through rights issues or by abandoning or curtailing new spending, have moved to reduce corporate debt and strengthen their liquid positions.

As a result, the money markets were faced with a substantial flow of money that was not wanted and which no one wanted to borrow. In the early part of the year banks responded to this by lowering deposit rates and base rates partly to ensure continuing profitability on their loan business, but also to encourage the movement of money out of banks and into building societies, equities or government stocks.

Diversion of funds in this way suited the banks well, not least because they were being driven to invest fairly heavily in gilts which they tend to regard as something of a second class asset because of the gilt-edged market's extreme sensitivity to other factors.

Between February and July total sterling liabilities increased from about £33.5bn. to about £34.5bn., which one clearing bank describes as a "derisory" rise, while the three month rate fell from 11⅞ at the end of January to 9¼ by the end of April.

It was at this point that the second of the two factors that have dominated the year—the need to protect sterling—entered into the equation. For although the banks had been encouraging investors to put money elsewhere, and cutting their rates, the need to protect sterling tended to force the rates upward again.

At the end of April sterling's weighted depreciation against other major currencies was about 21.5 per cent. A month later it was down to 25 per cent., and fell at one point to 29 per cent., but has now improved somewhat.

The three-month rate rose to 11 per cent. before settling back to 10 per cent. at the end of May and drifting down another half point by the end of July. Meanwhile MLR (Minimum Lending Rate) rose to 11 per cent. and Base Rate to 10½ per cent.

For the banks nothing could illustrate more graphically the conflict between the need to keep interest rates low to stimulate both their lending business and new investment on the one hand and, on the other, the overriding importance of trying to stop sterling falling too fast.

Liabilities

The liabilities that the clearing banks do have at the moment are between two and three months and have been partly responsible for the gap that has developed between overnight or seven-day money rates and three-month rates which are now appreciably higher.

This disparity in the rate structure has made it cheaper to borrow overnight or for seven days than for the longer period and there has been some shuffling of borrowing to maximise the advantages of this. The clearing banks, which have the obligation to meet the overdraft commitments that they have already made to customers, are very concerned about this trend as they are largely having to finance it.

As a result, there are now clear indications that the banks may be planning to solve the problem by considering ways of charging "commitment fees" for overdraft facilities. The idea is that if companies had to pay perhaps 1 per cent. for their unused lines of credit this would immediately even out the discrepancy in the rates to the obvious advantage of the banks.

For their part, the banks are well aware that such a charge would be a major break with the past and one that might bring them in for a great deal of criticism, but they point out that at the moment they can scarcely do more than break even on much of their lending.

This is particularly true because of the current volatility of the demand for funds which can vary for one bank alone by as much as £500m. in a single month. Thus the banks consider it very important to get companies to borrow for longer terms. Yet they readily acknowledge that the lack of borrowing at the moment almost certainly has very little to do with interest rate differentials or, indeed, with the level of interest rates themselves.

They are well aware that this reluctance to borrow springs principally from the lack of confidence that many industrialists have in the future and their uncertainty about markets, price restrictions and the general health of the economy over the next few years.

Many bankers feel that a dual rate of interest may ultimately be part of the answer, with a lower rate for internal U.K. company borrowing and a higher rate for external borrowers so as to safeguard the pound. However, the complications inherent in such a scheme in a major financial centre like London make it likely that it will be some time before any dual rate of interest becomes a reality.

In the six months to July this year sterling interbank deposits have fallen from £8.8bn. to £7.8bn. according to the Bank of England figures. The amount of money in sterling certificates of deposit has also fallen over these six months from £4.1bn. to £3.8bn., a particularly sharp decline when measured against the peak amount of such deposits which was some £5.9bn. in December 1973.

How long it will be before demand for bank finance increases it is impossible to say, but it is probably true that there is very little that the banks can do to influence it. As long as the current gloom about the economy persists, they are likely to continue to have a good deal of money to lend and plenty of headaches about how to place it while no one wants to borrow it.

David Bell

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Earnings abroad

OFITS EARNED from international and overseas banking vities are likely to provide important contribution to income of the U.K. clearing ks this year. Their business he U.K. has been depressed inst the background of re-ed economic activity; and le the general recession has cted other countries as well, banks will be grateful for efforts they have put over past few years into building their representation abroad. development has repre-ed a major change in the rations of the big U.K. ks, taking them in a rela-ly short period from mainly estic operations to among largest international bank-groups.

he transformation was med up this year by Sir n Prideaux, chairman of ional Westminster. He nted out in the annual ort that at the time of the ger between National Provin-and Westminster the group's ct representation abroad con-d only of the long-estab-ed branches of Westminster eign Bank in France and zium, an agency in New k and participations in ional Bank of Abu Dhabi RoyWest Banking Corpora-in the Bahamas. Five years r, the bank was directly resented by branches in the n European countries, Japan the U.S., had acquired im-tant investments in banks taly, France and the Nether-ls and participated in the ortant Orion consortium king operation.

irect

he two main characteristics he change have been the ex-sive development of inter-onal Eurocurrency activities the banks, and the expansion their direct representation oad, particularly in areas h as the advanced industrial ntries where previously they been thin on the ground. ditionally, the representation the London overseas banks rested on extensive branch works in a number of mainly eloping countries; while the domestic banks relied on lespread correspondent and er relationships with banks oad to provide the main is for serving U.K. customers ernationally.

The pressures which have ced the change have included problems experienced by the don overseas banks (covered nore detail elsewhere in this vey): the growth of the Euro-rency markets as a leading source of international finance; and the parallel expansion of the financing requirements of international companies including the big customers of the U.K. banks. At the same time, the U.K. banks, along with their European counterparts, were faced with growing competition from the big U.S. banks, which it is arguable saw the opportunities and needs earlier and developed their international networks perhaps without some of the inhibitions of the U.K. banks. At one stage, the U.S. banks could almost claim to be the only banks to offer a genuine international service even in Europe. The process of catching up has involved a rapid development by the U.K. banks, taking opportunities wherever offered to create more extensive representation.

While there have been marked differences of approach between the big four banks, in all cases they have been willing to take a pragmatic approach towards the problem. One of the main issues which has been debated is whether it is better to attempt to go it alone, building up branch networks from scratch, or to buy local banking operations where possible, or to develop in co-operation with other banks through consortium operations, joint ventures with local experience and general co-operative arrangements. In most cases, a combination of these approaches has been adopted, with the relatively open U.S. market perhaps offering the most fruitful field for direct expansion and Europe, with its strongly-established domestic banks, possibly the area where joint activities have been seen as more appropriate.

In two important cases, the combination of a London overseas bank with a clearer has provided the basis of international expansion. Lloyds' acquisition of Bank of London and South America brought into the group a bank with extensive activities in Latin America and an established Eurocurrency operation of its own, with Lloyds' own already fairly wide European network this has enabled the group to undertake a substantial international expansion. Barclays already had control of Barclays DCO, though the latter had operated more or less independently; only with the acquisition of full control and the integration of the bank into the group did it become the basis for developing a full international operation.

Against this background, recent moves among the London overseas banks themselves are interesting. Lloyds' position in relation to the difficulties of Grindlays has been a little uncertain. But the decision by Midland to pick up the Chase Manhattan 11.9 per cent. interest in Standard and Chartered—a bank with which it had long-standing connections as among other things one of its partners in the oldest of the consortium banks, Midland and International—could represent a significant long-term move towards closer co-operation and possibly a change in Midland's own international strategy.

Division

Midland, of all the big U.K. four, has been the bank which has placed most reliance on co-operative effort. Its activities in this area have a specifically European identity, through the bank's strong commitment to the European Banks International (EBIC) grouping which brings it together with major Continental banks such as Deutsche Bank, Amro Bank Société Générale and Société Générale de Banque. This grouping is probably the most developed of the banking co-operatives, with extensive joint operations including particularly the recently acquired Franklin National business, in New York, and the growing merchant banking business, European Banking Company, in London. However, Midland has also shown signs recently of strengthening its own international side, with the establishment of a separate division and the opening of its own representative offices abroad.

Barclays has been the one whose philosophy has tended towards developing its own interests rather than going in with other banks, though in the European context and in specialised areas even this bank has found it useful to develop connections with other banks. It started, of course, with a substantial network of overseas branches on the old pattern, with Barclays DCO's extensive activities in Africa and elsewhere. It has built up a strong representation around the world and is particularly active in the U.S., with a developed branch network in California and an expanding base on the East Coast. It is also, however, associated with the Abecor group of European banks in joint ventures including the Société Financière Européenne operation, bringing Barclays together with a number of substantial European banks, and is part of the group which set up the specialised International Energy Bank to service the North Sea oil and other energy developments.

Lloyds, too, has tended to avoid involvements with other banks. From the basis of the Bolsa network, particularly in Latin America, and its own European branches, the Lloyds international division has made considerable strides, particularly with the purchase of First Western Bank and Trust in California (now changed to Lloyds Bank California), a relatively expensive purchase which nevertheless gave the bank the chance in one step to put itself in the first rank of foreign banks operating in the U.S. It was characteristic of the Lloyds' approach that following this move it decided to pull out of London Interstate Bank, the consortium operation in which First Western had held an interest.

The most recent development has involved National Westminster's operations in North America, where it has decided to set up a full executive office in New York staffed by executives transferred from London. This bank has taken a pragmatic approach to international activities giving it widespread representation abroad. It has opened new branches and offices; it has taken interests in local operations in Italy, Holland, France and most recently Switzerland; and it has participated in one of the biggest consortia, Orion.

In the U.S., however, the bank has not built up a domestic branch network to match those of its U.K. rivals. It is represented on the East and West coasts and in Chicago, and the latest move suggests that the bank is anxious to develop its activities there considerably further. While indicating a continuing interest in acquiring a locally based retail business if the opportunity arose, however, NatWest's main concern at present appears to be to develop its operations in the wholesale markets, serving international customers in the U.K. and the U.S.

By and large, however, the big U.K. banks have made great steps in recent years in developing their overseas and international business. Last year's difficulties in the international banking markets, notably the setback suffered by Lloyds as a result of the unauthorised exchange dealings in its Lugano office, have illustrated that the business is not plain sailing, and left a serious mark on the banking markets. But these upsets, if anything, have tended to strengthen the hand of the bigger banks in international business, and among these the U.K. banks are now reasonably well placed to benefit.

Michael Blanden

Control mechanisms

E EFFECTS of the foreign hange losses incurred by ks during the last two years which the Herstatt debacle June, 1974, was the most ous manifestation — now ear to have worked themes through the banking em. The last signs were bably seen earlier this year. n, if the market is to be eved, one reason for the rp rise of the Swiss franc nst the dollar was banks ering themselves against ign exchange losses in-red in closing contracts with Sindona group of banks ch were outstanding when e banks failed.

owever, these losses, to-her with the problems ex-ienced by banks in some ntries on certain kinds of —notably loans secured on perty in Britain—have pro-ed what is expected to be continuing series of moves ards greater control of ks' operations, both domestic international, by banking horities. They have also voked a strengthening of ks, internal control chanisms.

rior to the events of the last ple of years, there was a r distinction between the rol mechanisms operated by king authorities in different ntries. The basic kinds of rol can be divided into two ups: control of foreign ange operations, and con-of the relationship of banks' ts with their capital both in ns of the quality and the urity of their lending.

n some countries, most notably the U.S., regulations about banks' capital/asset ratios were relatively stringent while few or no rules were imposed on the banks by the authorities on foreign exchange operations. Elsewhere, most notably in Britain, control of the relationship between banks' assets and capital was relatively loose while control of foreign exchange was relatively stringent.

It is probably no accident that the British banking system suffered bigger losses on loans (although covered up by the Bank of England's life-boat operation) while there were no losses on foreign exchange of any significance by banks operating in the U.K. The reverse was the case in other countries.

Built up

What is happening now is that in Britain the Bank of England is increasing its supervision of asset/capital ratios while in other countries controls on banks' foreign exchange operations are being built up. The British authorities are drawing on the experience of other countries in implementing the former, while the British technique of controlling foreign exchange is being borrowed by other countries.

It is evident that the banking authorities' desire to build up controls on foreign exchange operations of banks derives not only from the losses that banks experienced in this business during the past two years but also from a wish to dampen destabilising forces in the floating exchange rate system which we now have. The Swiss, for example, make this particularly clear—they feel that they have suffered more than most countries insofar as the Swiss franc became grossly overvalued in their view.

However, the fact that some banks lost so much on the foreign exchange markets is crucial to the process of tightening up since it has made them willing to acquiesce in the imposition of controls which they would otherwise probably have fought tooth and nail.

At this stage, basic changes have been introduced and discussions of further controls are still going on in a number of countries. In Switzerland, for example, the possibility of three further potential changes is mooted: setting up a list of approved foreign exchange dealers, establishing a centralised foreign exchange market on the lines of the long-standing German official market (that is, a market something akin to a stock market, where foreign exchange brokers would meet at regular times to do business) and even possibly imposing a turnover tax on foreign exchange business.

However, the value of these measures is questioned. As one local banker put it, approved dealers may be licensed but are nonetheless not always faultless, the existence of a centralised foreign exchange market did not help the Germans, while the imposition of a turnover tax would simply drive foreign exchange business overseas. In any case, the pressure in Switzerland has been eased by the rise of the dollar.

At a more general level, moves by monetary authorities towards controlling the international operations of banks at a global level have yet to get over the problems of implementation. The long-standing dream of many central bankers is to impose reserve requirements on international business similar to those operating in domestic banking systems. But no one has yet come up with suggestions for a technique for imposing such ratios which would not merely drive such operations from relatively well supervised centres such as London to others where banking authorities scarcely exist at all.

On the other hand, there is every evidence that the banking authorities will succeed, over a period of time, in their overall aim by more piecemeal means. The stiffening of supervision of banks' overall asset to capital ratios and of reporting requirements which has occurred in a number of countries inevitably works its way through to banks' international business insofar as banks are required to aggregate the business of their overseas operations for which they are responsible with the reports by head offices to their own domestic banking authorities.

Cut back

It is still by no means impossible that a bank could turn out to be over-committed to a particular class of borrowers or a particularly bad maturities mismatch of long-term lending to short-term deposits. However, the more detailed reporting requirements should at least enable the authorities to anticipate problems and over a period cut them back.

In conclusion, it may perhaps be said that one of the most positive effects of the troubles of the last two years has been to clarify the minds both of commercial banks and of the banking authorities. The detailed control exercised by, for example, the German authorities has proved fallible; the long criticised laxity of the Bank of England has been proved good in the foreign exchange area, woefully inadequate in some other areas. Meanwhile, the fact that the whole international banking bubble has been pricked — without fundamental adverse effect—has caused the banks to clarify to themselves what is good business and what is bad.

Mary Campbell

City's good year

JUDGED BY its earnings the City had a very good year last year. According to the latest "Pink Book" on the U.K. balance of payments the City boosted its contribution to Britain's invisibles surplus from £730m. to £905m.—an increase of 24 per cent. The insurance industry, the Baltic Exchange, banking and stockbroking all showed substantially increased earnings. When measured against a mere 4½ per cent. increase in world trade such a creditable performance enhances the City's claim to be the world's leading financial centre.

That the City managed to weather the traumatic events of the past 18 months and turn in such a good performance is remarkable. The removal of U.S. capital controls at the beginning of 1974 did not lead to the return *en masse* to New York of U.S. banks' offshore banking business, as some had predicted. The collapse of Herstatt a few months later and the ensuing crisis of confidence in the Euro-markets inevitably led to a cutback in activity by many London-based banks but the Bank of England quickly took steps to restore confidence and ensure that the City's international reputation remained untarnished.

The quadrupling in the price of oil had a serious effect on the British economy but the City managed to turn it to good advantage. Of the estimated $56.2bn. of OPEC surpluses last year, some $21.0bn. (37.4 per cent.) were channelled through London, either directly into sterling or indirectly into the London-based Euro-currency market. London managed to attract roughly twice as much surplus oil revenues as New York, its main rival. Although the OPEC surpluses have declined markedly from their 1974 peak, the latest figures indicate that London is managing to attract more than three times as much oil money as New York, and this is in spite of the fact that only about 12 per cent. of the oil revenues are now denominated in sterling.

Property

On top of the upsets in the international markets the City's international financial community had Britain's secondary banking crisis and the collapse in U.K. property values to contend with. Many foreign banks eager to supplement wafer-thin margins on their Euro-currency lending turned enthusiastically to U.K. property lending to boost their income. The long list of international banks which lent money to the troubled Stern property empire indicates the enthusiasm which gripped many foreign banks for a time.

The subsequent sharp drop in property values forced some banks to make substantial loan-loss provisions. Citicorp, for instance, in its last annual report (published before the problems at Brandts were announced) indicated that most of the rise in its international property write-offs from $300,000 to $11.7m. in 1974 reflected U.K. property loan write-offs.

Notwithstanding these domestic difficulties and the problems in the Euro-markets, many foreign banks, especially the larger ones, which had adopted a conservative lending policy during the heady days of late 1973 and early 1974, have been doing remarkably well. Margins on domestic and international business have increased markedly and the excessive competition, which characterised the money markets for part of last year, has disappeared.

The transitory problems of the secondary banks and the U.K. property market are unlikely to have shaken international confidence in the City. Today some 250 banks from 54 countries are represented in the City and another 90-odd hold stakes in London consortium banks—far more than in any other comparable financial centre. Among the 100 largest banks in the world only 14 are not directly represented in London and eleven of these have stakes in London consortium banks.

Their business is substantial. Foreign banks employ around 15,000 people and account for £56.5bn. of all U.K. foreign currency liabilities—74.1 per cent. of the total. If the consortium banks are added in, the share rises to 80 per cent. On the domestic front they account for 13.2 per cent. (£3bn.) of all sterling advances to U.K. residents and the American banks alone lend more than twice as much sterling as the acceptance houses.

There is clearly no shortage of confidence in the City. Although the number of foreign banks opening offices in the square mile is less than what it was, banks from such diverse places as Zambia, Thailand and Italy continue to beat a path to the City. London rather than New York has been picked as the site of the new Saudi Arabian-sponsored consortium bank (the Saudi International Bank).

Another significant pointer, underlining London's key international position, is the fact that Deutsche Bank, the giant German bank, which normally operates overseas through representative offices and correspondents, is in the process of upgrading its London office into a full branch. Many international bankers would agree with the comment of the chairman of Wells Fargo, Ernest Arbuckle, that "for any bank interested in an important part in the international financial markets, a London branch is as important now as it has been in the past."

Political stability, geographical location and convenient time zone, a wealth of talent, relative freedom from onerous regulations and well developed markets are often cited as the main reasons for the City's international appeal. Most of these advantages are as valid as ever. Nevertheless there are signs that London's competitive appeal is less now than what it was five years ago.

Cost

The main reason for this is the increased cost of operating in London. Rents for prime City offices still rank among the highest in the world. U.S. banks are only too well aware that office space, which they can rent for $8-9 per square foot in New York, commands up to £18 per square foot in the City. In addition, City rates have risen dramatically over the last few years. The 1973-74 revaluation had the effect of raising the total rateable values of the City by almost five times.

In 1970, City ratepayers contributed £22m. to the GLC. This year they will contribute £131m. Already a number of foreign bankers have voiced their unease about the London Labour Party's recommendation that the GLC should take over the City. The GLC might not be in the same financially parlous state as New York but bankers fear that a GLC takeover would lead to even higher rate demands.

A growing number of major banks are minimising the impact of increased City rents and rates by transferring the bulk of their routine operations to the suburbs. Citibank is moving 600 staff to Lewisham, where it has leased an 18-storey tower block at around £5.75 per sq. foot, and Morgan Guaranty intends to move the bulk of its City staff to Stratford in the East End, where it is believed to be paying around £6.50 per sq. foot. Both banks hope to make substantial savings.

But whereas international banks can to some extent offset their rising overheads in London they find it increasingly difficult to escape the growing burden of U.K. taxation. In the long term this is likely to have a much greater impact on the City's appeal as an international financial centre than escalating office rents.

The growth in taxation has hit London's foreign financial community on two fronts. On the personal level the recent decision to tighten the rules on the taxation of foreign the U.K. makes London attractive long-term bas senior executives. Much important, however, is impact of higher taxes o corporate front. The switchover to imputation the U.K. has increased Am banks' potential tax burd roughly a quarter.

It is still too early to the impact of these tax cl on London's foreign fir community but there already signs that less so "discretionary" business is business which cou booked in any centre) i being put through L This can be seen most ably in the case of th banks. In 1969 66.4 per c their foreign branch were held in London. Tl dropped steadily since, s by April 1975 it was do 44.5 per cent.

Looked at another between 1965 and 197 banks' total foreign assets rose eight times those of the London br rose 12 times. Since 197 banks' foreign branch have doubled again. B parison the assets of l branches have only risen per cent. (while those Nassau and Cayman br have trebled). In fac banks' foreign branch as London peaked at $72bn. 1974 and since then declined to about $69bn.

These figures indicat both London's relativ absolute share of U.S. offshore operations is de Part of the decline is explained by the fact U.S. banks open more abroad they naturally t business, which had fo been done through L through these offices. H many bankers feel that l of the increased tax an increasing amou "discretionary" busin bypassing London.

Some of the increase taxes can be offset agai taxes but only up to a limit. Beyond this lim more profitable for U.S to book loans through N the Cayman Isles where t not liable to tax—ar appears to be what pening.

Whether London wi tinue to maintain its international position the adverse effects of i creased taxes, only ti tell. A number of peop suggested that one American banks are on th of returning home. Ind Northwestern National I Minneapolis has already its London office and handling its business t

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The finance houses

THE FRUSTRATION and near-despair among some of the finance houses was captured recently in an uncommonly frank speech by the Finance Houses Association chairman Mr. Humphrey Oliver. He said: "Six hundred years ago Benvenuto da Imola told us: 'He that practiseth usury goeth to Hell. And he that practiseth it not tendeth to destitution.' Last year was a year in which members of this association, already committed to Hell, tended also to destitution.

"I don't have to draw pictures for anyone about the turn of events which have transformed the commercial scene for us in a way in which most of us would not have dreamed of except as a nightmare. This has been the year of our industry's Dunkirk when many of us have had to ask our bank managers 'Have you ever been in the manure business? and to reply to his negative with the time-honoured retort: 'Well, you're in it now'."

Mr. Oliver continued: "What this has cost us in terms of loss of dignity and independence of spirit—and action—will never be known. What it has cost us in terms of money is more readily quantifiable as our annual reports drifting out over the months have begun to show beyond any measure of doubt."

Certainly the finance houses' cup of bitterness is filled and brimming over. They have suffered the effects of an exceptionally sharp increase in the general level of interest rates, which eats into their profits. They have been hit by the reintroduction of controls over instalment credit terms and the depression of lending in those sectors of the market—consumer durables and cars—where they have played such a prominent role.

At the same time individual companies have been seriously damaged by the need to write-down property loans heavily and, in the aftermath of last year's crisis among "fringe banks," some of the independent finance houses have found it difficult to retain deposits.

They had to turn to the City's so-called "lifeboat" support operation for funds.

It is the independent houses that Mr. Oliver, a director of United Dominions Trust, probably had more in mind when he made his speech. Those finance houses owned by the clearing banks were spared some of the pressures, particularly the loss of deposits, thanks to their association with the clearers.

As a result of the various disasters, the industry has been involved in a period of retrenchment which Mr. Oliver described as "major surgery." And, as with all industrial surgery, there was no anaesthetic available and the screams have been bloodcurdling to hear.

The independent houses, the major ones at least, had been developing a much broader range of operations. All these extra "limbs" have been lopped off, cutting the finance houses back to their original state. Years of hard work, the building towards banking status, the development of new marketing techniques like the money shops, have been wiped out almost overnight.

Amount

Things could have been even worse without the lifeboat. There have been around 20 casualties getting around £1.2bn. of support from the lifeboat fund. The largest beneficiaries have been United Dominions Trust, with a reduced amount of some £460m. now outstanding and the First National Finance Corporation, with around £350m. Bowmaker, the subsidiary of C. T. Bowring, received about £90m. but by last month had paid back £30m. and seemed likely to become the first of the finance houses to climb out of the lifeboat and do without its support.

Stunned as they have been, the finance houses have still enough energy left to complain occasionally about the rate they are being charged for this support money—up to 2 per cent. or more above London money market rates. This might be good business for the clearing banks, which must be making a handsome profit on the support operation, but it does have the effect of delaying the recovery of the finance houses, particularly as 1 per cent. extra on borrowed money can represent millions off the profits of the larger houses.

Life could also have been more difficult for the independent finance houses, if the Bank of England, supervisor of the City, had not made it very clear that it would prefer to see two or three independents remaining after the debacle rather than for all the finance houses to go under the wings of friendly clearing banks.

Mercantile Credit has been allowed to go into the Barclays' fold, it is true. But it is almost certain that United Dominions Trust and Bowmaker will retain their present status as independents. First National Finance Corporation, although heavily involved in instalment credit and with £60m. outstanding through a subsidiary, is really in a separate category because of its other activities and is not looked upon in the City as a "finance house" as such.

The crisis continues to grip the finance houses because they are beset by the current downturn in the economy—a slump which hit sales of cars, 'fridges, freezers and TV sets quite early and with them the instalment credit often provided for their purchase.

At present finance house profits are being squeezed (or eliminated) by the combination of falling volume, escalating overheads, increased money costs and the need to make provision for the higher levels of bad debt resulting from the general economic situation. The main immediate threat is not bad debts but the steep fall in the volume of new business.

Mr. Oliver has said: "The stark fact of the matter is that there is insufficient business available either in the consumer or industrial field to support the current level of overheads in our industry. With the forecast fall in investment in m turing industry and the continuing downturn in mand for consumer cre year and next, there m evitably be a contraction size of the instalment industry and the service vides."

Credit

The statistics tell the story. At the end of Ju hire purchase and ins credit outstanding and o finance houses was £1 This had come down £1.466bn. in May and £1 in April. For April, M June last year the figure at £1.577bn., £1.568bn £1.554bn. respectively. sidering the impact of in on the prices of those most commonly covered stalment credit, this rep a very big fall in volume.

The finance houses ar engaged on the long struggle to re-establish credibility as a reas haven for investments restore confidence amo positors.

Many finance house tives believe that their or tions should not have caught up in the panic hit the "fringe bank" Such a vast proportion of business has to do with cars and by law is rest to a period of two years. cash flow is predictable regular. If lenders had understood this more perhaps the finance h would not have been lu in with the "fringe bank" the minds of investors.

When some normality re to the industry the indepe houses obviously will ha spend more time putting this message. And one that they could generate confidence among deposito by making public much information than in the about their operations and way they are progressing.

Kenneth Good

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...ctive Euromarkets

...ING the hiatus in acti- ...year, Euromarket busi- ... now running at very ...els again. The volume ...m-term lending in the ...uarter of this year was ...well above the levels in ... two quarters of last ... the bond market; the ... volume has been run- ... year at nearly three ...t year's level.

...er, as any banker re- ...fter a two-year absence ...otice immediately, the ...as changed almost be- ...ognition. The normal ...for maturities of ...erm syndicated loans ... cut from between ten ...n years to six or seven ... the fixed interest rate ...hat used traditionally ...fteen-year bond market ...mostly concerned with ...term notes.

...its

...are fewer banks in the ...nd the profits they can ... participating in or ...g medium-term floating ...ns have rocketed: the ...margin charged over ...rates is now about 1¼ ...—compared with any- ...tween ¾ and 1 per cent. ...hs ago—and there has ...roliferation of front-end ... top of that. Massive ... of payments loans for ...lised countries (such as ... $2.5bn. or France's ... have vanished from the ...e largest single loan to ...tiated this year was ...or Iraq.

...eature of the market ...s changed least is prob- ... nature of the bor- ... The high income deve- ...ountries continue to be ... force, as do borrowers ...e industrialised world- ...re, however, there are ... absentees and new ...Denmark, the U.K. and ...r example, have bor- ...ry little this year while ...rs never seen before ... Morocco, Iraq, Turkey ...g Kong. In addition, ...nce of other lending has changed (with the exception of Brazil and Mexico which continue to borrow with their traditional regularity). Swedish borrowers, for example, are much more in evidence than ever before.

In the syndicated lending sector the changes in conditions—all of which are to the benefit of lenders—can be traced to a combination of supply and demand factors in what is fundamentally a free market and changes in policy by international banks. One major factor was the withdrawal late in 1973 of the Japanese banks from lending activity, which they have not resumed. This was augmented by the very large-scale of lending in the first four months or so of 1974. In addition it is arguable that the restricting effect of concern over banks' capital ratios, which took effect during 1974, had been building up for some time with the explosion of the volume of medium-term international lending between 1971 and early 1974.

In the fixed interest rate sector the change can be attributed mainly to generalised falls in bank interest rates, which have eliminated the reverse yield gap by which short term bank deposit rates remained above bond yields for much of 1973 and 1974. However, at this stage it is also clear that a further factor was the acceptance by borrowers and issuing houses of a cutback in maturities from 15 to the current five to eight year span. When issues of intermediate maturities first started to be arranged on any scale last year, there was considerable resistance to the idea, partially on the grounds that a shift would damage outstanding issues and partially on the general principle that an issue of intermediate maturity is not much use as "capital."

In the event, investors' uncertainty won over borrowers' and issuing houses' reluctance to make a habit of impairing the bond market. There is little sign that any return to the 15-year maturity is likely in the foreseeable future. Until investors are fully convinced by experience that Governments know how to control inflation and are prepared to act on their knowledge, and until they see exchange rates remaining stable over a long period of time, they are clearly going to stick to the ground they have won.

In the long term there is a possibility that traditional bond market conditions may return. This cannot be said for the medium-term bank lending market.

The extent to which the last year's changes in market conditions are cyclical and the extent to which they mark a permanent break is a regular talking point in the Euromarkets. However, the general consensus appears to be that although maturities may lengthen somewhat again although spreads may narrow, fees be cut and the size of individual loans increase, there will never again be a borrowers' market like 1973.

Having once seen that spreads can widen as well as narrow, that maturities can shorten as well as lengthen and that the conditions in the market can reverse to the benefit of lenders, banks will be likely to withdraw from lending altogether at a certain point and wait for better times rather than make medium-term commitments on relatively unprofitable terms.

Lending

What is certainly true is that the profits available on this business are now very high by historical standards. In addition to a margin of, say, 1½ per cent. over its cost of funds throughout the life of a loan, a lending bank might expect to receive fees of over half a per cent flat at the beginning of the life of the loan.

It might be assumed from this that banks will be continuing to build up their Euromarket lending (unless of course market conditions alter to cut down the level of profit). This may turn out to be the case but there are also other factors at work. Whether even present profit levels compare favourably with profits available to banks on their domestic lending is questionable, particularly in view of the so-called endowment element during the current period of historically high interest rates.

Moreover, much spare lending capacity in relation to capital ratios has now been used up—with the result that banks now have to rely on raising capital on stock markets and on transfers to reserves out of profits in order to increase their lending capacity. The volume of new international lending is likely to depend more on domestic demand for funds being lower than in the past.

Finally the extent to which both medium-term lending and bond markets continue to provide funds at current volumes will inevitably bear some relation to the trend of defaults on loans and issues.

One has to distinguish here between defaults (or failures to pay, to use a less technical term) by banks and defaults by non-bank borrowers. As last year's experience showed, inter-bank defaults can cause if anything more chaos internationally than in domestic markets—perhaps because the most damaging potential bank defaults tend to be smoothed out by central banks in domestic markets.

Paradoxically, however, defaults by bank customers appear to be less damaging in the international context than domestically. Bankruptcies by companies with Eurobond issues outstanding—admittedly there have not been any really big ones—have happened with scarcely a murmur passing through the international investment community. In the syndicated lending area there have been some very large scale potential bankruptcy situations—and the reaction of the banks concerned has been to refinance the loans.

Mary Campbell

Insurance services

...THE PAST decade, the ... banks have been keen ...rsify their activities ... their traditional roles. ...tive participation in ...e has been one of the ...ing successes in this ...espite some very vocal ...n from certain quarters ...nsurance industry, this ...ent is a logical move ... banks' standpoint.

...esents an extension in ...ce given to customers ...ising on money matters ...g with the whole finan- ...irements of clients. It ...new idea for customers, ...l or corporate, to seek ... advice from the local ...f the bank. But until ... it was the branch ... himself who provided ...rance advisory service, ...ally in a private capa-

...manager would advise ...omer and arrange the ...f the insurance, mostly ... insurance company ...ich he had an agency. ... cases such a system ... satisfactorily. Insur- ...least as far as individ- ... concerned, is quite a ... matter and the bank ..., being intimate with ...ncial circumstances of ...nt, was often well ...o give the necessary ... on insurance matters.

...es

...e growth of the pro- ...arketed by the insur- ...dustry over the past ...as made it essential in- ...ses for the insurance ... to possess a high de- ... professionalism. Fewer ...s now have the time ...re this knowledge un- ...The service described ...epends for its efficiency on the enthusiasm of the individual manager. The insurance service offered by the clearing banks to customers needs to be an integral part of its overall activities, not a sideline run by the manager, however efficient and profitable.

It was about ten years ago that the first moves were made by Westminster Bank to rationalise the insurance advise system by establishing its own insurance department. The other clearing banks have followed this lead, by setting up insurance operations with the specific aim of achieving a substantial expansion in this area. The large and comprehensive branch network gives them a customer field second to none and offers enormous growth potential.

The local branch is still the focal point in the marketing of insurance services, acting as a catalyst. It is here that contact with the customer is usually established. The most straightforward and simplest of risks—life assurance and domestic—would be dealt with by the manager or his assistants. The degree of autonomy here varies between banks; Barclays, for instance, has a list of policies that can be sold over the counter.

Enquiries which are too big or too complicated to be handled at branch level would be referred to an area or regional insurance adviser or inspector. The actual system varies between the banks as regards detail but generally the area inspector is a full-time insurance specialist operating from the regional office as his base and visiting the branches to deal with such queries.

The functions of the insurance division at head office level would in addition to co-ordinating the activities be involved in researching and monitoring the whole insurance market, dealing with the very big enquiries and responsible for the training of staff in insurance matters.

The insurance market is now offering a range of products never envisaged even ten years ago. Much more effort is made over the packaging and design of insurance contracts, arising partly from competition and partly to provide what the public requires. It is a full-time task keeping track of the situation, sorting out the wheat from the chaff. Advising on life assurance products these days needs at least firm guidanace on investment conditions. In the case of the clearing banks such a service is provided by head office.

The insurance services of banks have extended their activities into the field of actually devising insurance plans for their customers. Barclay Insurance Services early this year produced its Barclaycard Insurance Plan—a single insurance package covering the non-life requirements of the individual: domestic, car, and personal accident. The underwriting of the various covers was arranged by Barclays with several leading insurance companies. Midland Bank Insurance Services has its package non-life plan—the Griffin Household Insurance Plan.

This development by the clearing banks has made available to their customers a comprehensive insurance advisory and broking service. Lloyds Bank have perhaps gone the furthest by making its insurance division operate under the auspices of the Trust Division. By this move insurance advice is regarded as one important facet of a full financial planning service to customers, a development being made by many leading insurance brokers in giving complete financial planning not just insurance broking.

The clearing banks are now in a position to handle the insurance requirements of the larger corporate customers including that relating to private pension schemes. Midland Bank, through its acquisition of Montagu Trust, has brought the leading Lloyd's broking firm Bland Payne into the group. Thus the decision can be made as to whether to handle enquiries by the Midland Bank Insurance Services or pass the client on to Bland Payne. The other clearing banks have not yet gone as far as this in building up their insurance services and have tended to concentrate their activity towards the personal and smaller commercial clients.

Almost all the diversification into insurance activities has been on the advisory side. The move into the direct underwriting of insurance risks has, with certain minor exceptions, not yet been taken. The insurance broking services have been to a certain extent complementary to the existing broking set-up, dealing with clients who otherwise would never consult a broker. Direct underwriting by the clearing banks would involve a *head-on clash* with the insurance industry.

Sensitive

This is a particularly sensitive area. Complications could well arise if the bank were claiming to offer independent advice to its customers on the choice of contracts, and at the same time offering its own policies. But it is not an impossible situation. The financial conglomerates with both an insurance company and an insurance broking division within the group have successfully operated the two sectors at arm's length without impairing the service offered by each.

If anything, the reverse situation occurs, with the insurance company having to be twice as good as its competitors to get recommended by the broking division. This happens in the case of Barclays Life Assurance as far as the insurance service is concerned.

The moves have been made by the clearing banks into the unit-linked life assurance field offering direct competition with established life companies. Barclays and Lloyds have set up life subsidiaries, while Midland has a tie-up with two top life companies—Eagle Star and Prudential. This trend could well grow in the future.

The opposition to this move into insurance broking has come naturally from certain other insurance brokers, who see dangers of serious conflicts of interest in getting insurance advice from a clearing bank. Such fears could well be unfounded considering that the banks have been content to see organic growth in their set-up and have kept their image very low key in this field. But the current trend is towards a comprehensive financial advice service and who is better placed to provide this than the clearing banks.

Eric Short

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...ourg, and the Central Bank of Clevelan... is in ...ess of closing its London ... These closures are not ...nificant. Both were ...presentative offices and ...at no foreign bank with ... authorised banking ...n in London shows any ...wanting to leave.

... seems to be occurring, ... is that relatively less ... is now being put ... London. The removal ...capital controls did not have the dramatic consequences for London that some people expected. Nevertheless U.S. banks are undoubtedly doing much more foreign lending from home. Over the last 12 months, for instance, U.S. banks offshore lending through their London branches remained static, while U.S.-based foreign lending rose by 50 per cent.

William Hall
The Banker

U.K. BANKING X

Shares still depressed

THE BANKING sector of the stock market may have seen the worst of the storm, but it is taking a long time to pick up the pieces. Nearly two years after the financial crisis broke, with a sudden collapse in the confidence of depositors and a sharp fall in the value and marketability of property, which provided the security for a huge volume of lending, new shocks are still being provided.

It is only a couple of months since Keyser Ullmann reported losses and provisions totalling £64m. for the year 1974-75. Its overall loss of £61m. is said by some to be the largest loss ever reported by a British company. United Dominions Trust was not far behind, with £59m. written off its capital in respect of the year ended last June.

Some banks, like Burston Finance, have folded. Others are shored up by the Bank of England's lifeboat, believed to be supporting UDT to the tune of around £470m., and First National Finance Corporation to the extent of £350m. or so. Even Mercantile Credit, once the blue chip of the finance house sector, accepted a knockdown bid price from Barclays Bank rather than face an unduly long haul back to whatever passes for prosperity these days.

Prices

And in many cases share prices have become shadows of their former selves. This is particularly true of the merchant banks, where the sector index tumbled by three-quarters during 1974. Although there was a rapid bounce back from the bottom in the early months of 1975 this hardly made up for the previous weakness and the sector has not been able to sustain the levels it reached early in March.

Clearing bank shares have achieved a steadier performance, helped by their still good dividend records. But even they underperformed the All-Share Index in 1974 and after recent weakness they are only just ahead of the rest of the market so far in 1975.

Certainly the clearers have had to cope with many kinds of trading difficulties. They have had to face heavy write-offs in the wake of the property and secondary banking crash; interest rates have been falling: loan volume has been flat since the latter part of 1974, while operating costs have been climbing sharply; and they have continued to face pressure on their capital ratios; a trend which has produced one rights issue (by Midland) and led to recurrent rumours of others in the offing.

The profits performance of the Big Four began to turn sour in the first half of 1974, and the decline accelerated in the second six months. For the full year the pre-tax declines ranged from 9 per cent. for Barclays to 48 per cent. for Lloyds, the latter being severely affected by the £28.5m. foreign exchange disaster at Lugano. All the banks reported additional provisions against bad debts, partly relating to their support of the fringe banking sector through the Bank of England's lifeboat. NatWest was worst affected, with an above-average commitment to the financial sector, and its extra provisions ran to £45m.

In the first half of 1975 the bad debt problem eased slightly—though NatWest and Barclays still made sizeable provisions—and the pressure was felt more at the operating level, where profits generally fell by a third or so. Large salary increases have been conceded to employees, with corresponding effects on pension provisions, but the volume of lending has scarcely risen in recent months. The only major favourable factor has been the rise in gross margins, as the clearers have pushed down deposit rates faster than their lending rates have declined. They have also reduced their dependence on expensive wholesale funds.

Profits may well fall even lower in the current half year. No general rise in lending volume is yet in sight, and wages went up by another 22½ per cent. in July. On the other hand, interest rates are staying higher than might have been expected, and the bad debt problem should ease further. Further growth overseas will help, especially for Barclays and Lloyds. At least there is a fair chance that profits will bottom out in the current six months, allowing gentle recovery next year, though much will depend on the timing and extent of any revival in private sector demand for credit.

Pressures

If loan demand recovers next year, however, the clearers may face renewed pressures on their capital ratios. Their problems in inflationary periods have been made plain by unofficial estimates of what their CPP earnings might look like; they suffer because they hold net cash, which depreciated in real terms. Only Bank of Ireland has been brave enough to produce official CPP figures, and these showed that its after-tax earnings were almost completely eliminated. Now that the Sandilands Report has opted for current cost rather than CPP accounts it does not look as though the banks can hope for any tax relief on such monetary losses.

So the clearers will have to hope that inflation will slow down, and that their earnings will recover soon, allowing retentions to increase. They can reduce the inflationary damage by working on as low ratios as possible—the free asset ratio being the most relevant—but that will depend on the attitude of the Bank of England, which has been working out sophisticated guidelines for assessing the capital adequacy of banks of various types. At this stage, a round of rights issues by the clearers within the next year cannot be ruled out. For the record, Barclays appears to have the strongest ratios, with not much to choose between the others after Midland's rights issue move in March.

Whatever the difficulties of the clearing banks, they pale before the crises encountered by many merchant banks. Here, drastic reductions in size have sometimes been necessary to cope with harsh conditions, and even the blue-blooded accepting houses usually showed smaller balance sheets and lower profits in 1974. As well as the property and financial markets, the shipping sector has caused many heartaches in the past year. Those banks still solidly rooted in traditional areas like trade finance have tended to hold up best.

In general, the banks and financial groups which expanded rapidly in the easy-money conditions of the early 70s have tended to come off worst. They included a number of relatively new banks like F[illegible] British Bank of Com[illegible] also some old-establi[illegible] cerns such as UDT, [illegible] mann and Brandts (w[illegible] have led to capital pr[illegible] the parent, Grindlays

The older establis[illegible] in any case have the often substantial [illegible] against which some losses can be written usually important ove[illegible] vities are providing cushion. Some tradit[illegible] merchant banking a[illegible] ever, may now be worst, with investme[illegible] ment seeing some be[illegible] higher stock market the inflow of funds tions (especially pen[illegible] while corporate finan[illegible] picking up a little, i[illegible] the rights issue wav[illegible] takeover scene re[illegible] tremely quiet.

For bank shares [illegible] the immediate outl[illegible] too inspiring. The[illegible] ance is unlikely to di[illegible] much from that of [illegible] as a whole. But if fi[illegible] ditions become mo[illegible] next year, and the [illegible] ket rises somewhat chant banks can be [illegible] show some relative Shares of the clea[illegible] are supported by ability to keep payin[illegible] mum dividend lac[illegible] the market may nee[illegible] dence that lending to climb again before gain increased favo[illegible]

Ba[illegible]

Trustee Savings

THE TRUSTEE Savings Banks are now probably less than six months away from officially becoming the Third Force in domestic banking. Had the schedule in the last session of Parliament not been so overloaded the necessary legislation enabling the TSB to take up its new place in the financial structure would have been in force by November this year. As it is, the Act cannot now be introduced until November and according to the chairman of the TSB, Sir Athelstan Caröe, this means that "Day X has, therefore, to be put back until February, 1976, at the earliest."

Fortunately, the delay does not appear to have been too serious and the reorganisation of the TSB movement called for by the Government in return for granting this new freedom has continued on schedule. It is anticipated that by November 21—the day originally intended as Day X—the number of regional Trustee Savings Banks will have been whittled back from 72 at the outset to some 17.

That these mergers have taken place with such speed and apparent smoothness, considering the strong regional rivalry between the various banks and the sheer administrative headache, is no mean achievement. The only possible effect the delay may have had is to allow the competition—that is the clearing banks, Co-op bank and other domestic banks—to prepare themselves a little better to meet the new challenger.

However, the present forces in the market have already had a fair amount of time during which to consider their counter attack. The Paymaster General first said a year ago that the TSBs would be allowed to develop along the lines recommended by Sir Harry Page in his report on National Savings—a document itself now over two years old. There was certainly little dragging of feet from the TSB's side. Immediately the PMG gave his go-ahead, a negotiating committee entered into discussions with representatives of the Treasury, the NDO and the Bank of England in order to compile and agree instructions to Parliamentary Counsel for the preparation of a Draft Bill.

Instructions

These instructions were finally agreed last December and at that time the TSB was led to believe the Act would be passed in plenty of time for a November kick-off. Only in February this year was it made known that introduction of the Act would have to be postponed until the next session of Parliament.

Apart from cutting down on the number of individual banks the other major task that has confronted the TSB has been the setting up of a central body to co-ordinate all the individual banks. The Central TSB, set up almost two years ago, which has taken on this role has in fact acted as a normal commercial bank from the outset. And clearly the Central TSB will be a vital part of the machinery during the TSB's transformation into a fully-fledged clearing bank.

To gain some idea of progress it is necessary only to quote the chairman's remarks at the last AGM in May, an occasion which also marked the appointment of the Central TSB's new chief executive, Mr. Tom Bryans. Looking back over the year, the chairman remarked that "Its deposits rose from less than £10m. to more than £200m.; it has taken over the operations of the former TSB Centre; has been preparing for entry into the Bankers' Clearing House; and has acquired new premises. In the process the Bank has also made a gross profit of more than £1m."

What then will be the main difference from the point of view of existing TSB customers? The answer is probably very little for the time being, though in due course the current financial incentives — that is, the interest given on current accounts — will probably disappear. In the longer run the customer will be able to enjoy borrowing facilities and services on a par with those offered by the clearing banks. Already cheques are as convenient as those of competitors following the TSB joining the Eurocheque network.

But the TSB has made it abundantly clear that it has no intention of rushing into the lending business, and it will certainly not enter into the field of commercial lending at all for the foreseeable future. Never having been in the lending business until very recently has meant that, first, the TSB has had to generate capital and, second, it has had to inject lending expertise at branch level. As one spokesman rightly observes: "Until you have the ability to stand losses you cannot enter the game."

Expertise

On the employee expertise issue, the TSB has been gathering knowledge through pilot schemes in a number of selected branches. It also has some knowledge of processing applications for personal loans, since up until now it has always passed on such applicants to a finance house and has had to carry on a preliminary vetting function. As for the second possible limitation, the [illegible] of capital, it wa[illegible] estimated that by [illegible] the ten-year period will have a lending of at least £500m.

There can be li[illegible] that the TSB [illegible] constitute a challen[illegible] rest of the financial [illegible] It will be able to o[illegible] exchange, traveller[illegible] unit trust investmer[illegible] loans, etc., through [illegible] so branches.

To move into [illegible] potentially wealthier [illegible] rently dominated b[illegible] ing banks will not [illegible] task and resistanc[illegible] fierce. But the T[illegible] backing, the branc[illegible] and certainly the [illegible] be successful. In [illegible] consumer banking have to compete wit[illegible] the Giro, and M[illegible] operations.

Kei[illegible]

Giro [illegible]

Scottish showing

DURING A particularly difficult year, the three Scottish clearing banks have maintained a comparatively strong performance. This has been due in large measure to their involvement in activities associated with North Sea oil and gas and has been, therefore, a reflection of the greater buoyancy experienced in the local Scottish economy.

The creation, in less than five years, of an industry now estimated to be directly employing some 27,000 people, with a further 8,000-13,000 indirectly dependent on it, represents a considerable new arena for business development for the banks. And in the cases where this growth has not actually involved customers in embarking on entirely new manufacturing and service enterprises, it has provided an invaluable opportunity, particularly for the marine and engineering industries, to take up the slack produced by dwindling traditional home and export markets.

Interestingly enough, the three banks do not seem to be entirely unanimous about Scottish prospects in the immediate future. All three, it is true, share a conviction that many of the uncertainties currently surrounding the pace of development in the North Sea must shortly be resolved—or, at any rate, those uncertainties which seem to be attributable to the intervention of political considerations, like the effects of petroleum revenue tax and the Government's proposals for majority state participation, rather than the over-riding brake of cost-inflation.

On the other hand, encouraging though this may seem, the banks are not so sure about the effects on the local economy. Analysts in the largest (the Royal Bank of Scotland) and the smallest (the Clydesdale) both wonder whether North Sea activity will continue to be so successful in providing as much shelter for industrial customers in the coming year.

They point to the most recent unemployment and business confidence surveys as indicating that the Scottish performance may soon start settling nearer its more traditional pre-oil pattern. There is particularly serious concern about the state of order books in the predominant engineering industry.

The Bank of Scotland, however, maintains a somewhat more optimistic view of Scotland's new-found industrial resilience. It considers that the level of inflation, rather than political considerations, will be the main determinant of the speed of offshore development, but that the North Sea industry should, nevertheless, continue to "buffer" the local economy to a most significant extent.

Whatever the outcome, it is apparent that oil-related business has been an important contribution to the banks' own performance. This seems particularly true of the Royal Bank, which showed a pre-tax profit last year of £30.2m., an increase of £7.9m. or 36 per cent. This compares with the results of the parent National and Commercial Group results, which showed pre-tax profits rising by £8.7m. or 20 per cent. to £51.3m.

On the face of it, the results of the Royal's two competitors are less striking. The Bank of Scotland's pre-tax profits were £13.9m., a fall of 28.6 per cent. while those of the Clydesdale at £8m. were almost £1m. short of the 1973 figure.

It seems likely that one of the main causes of this has been the technicality of the banks' different reporting dates — as the last of the three to report, in February this year, for example, the Bank of Scotland has probably felt a much fuller adverse effect of having to bring forward an allocation to cover increased pension liabilities following large salary increases. In its case this allocation amounted to nearly £6.5m. and contributed heavily to cancelling out the benefits of its increase of fully 20 per cent. in the average level of resources employed. In addition, it set aside a special provision of £2m. for bad debts. The Royal Bank, reporting six months earlier, made no such provision and its pension allocation was not as high, at £4.3m.

Each of the three banks has developed a distinctive interest in offshore oil-related activities. The Royal Bank, with probably the largest lending commitment, has been particularly keen to expand its leasing business in this field. It started this business in late 1972. In the past year it has raised from £1m. to almost £15m. the value of assets leased to customers. [illegible] of the current year will probably be £20m.

The initial growth [illegible] provided largely on t[illegible] big one-off items su[illegible] shore supply vessel[illegible] handling tugs, aircra[illegible] copters and some lar[illegible] tions associated wi[illegible] development. The ba[illegible] to develop this mark[illegible] by attempting to [illegible] specialist equipme[illegible] vehicle fleets, to larg[illegible]

The Bank of Scotla[illegible] loping a similar ro[illegible] the Bank of Scotlan[illegible] Company and throu[illegible] dustrial Bank of S[illegible] subsidiary of N[illegible] Securities, which in [illegible] has been concerne[illegible] with hire-purchase tr[illegible]

In addition, it has [illegible] own oil division to [illegible] in production financ[illegible] evaluate projects. Th[illegible] with specialist offices [illegible] and Houston, now [illegible] about 15 people and [illegible] to be one of the la[illegible] operations in Europea[illegible] The Bank itself now [illegible] that its equity and [illegible] cipation in oil-related [illegible] production finance, [illegible] barges, drill ships an[illegible] and engineering com[illegible] about £70m.

It also has a 15 [illegible] stake in the recentl[illegible] International Energy [illegible] partnership of Brit[illegible] tinental and Americ[illegible] whose principal ventu[illegible] has been the $250m. fin[illegible] Occidental's Piper oilf[illegible]

The Clydesdale has [illegible] trated more on the s[illegible] Scottish-based industri[illegible] have become associa[illegible] the North Sea. It has [illegible] a considerable experti[illegible] selected fields—it has [illegible] tinction, for instance, the banker to every o[illegible] seven major groups w[illegible] ties, either in oper[illegible] under construction, for steel and concrete oil pr[illegible] platforms in Scotland.

Its most recent eng[illegible] in this business has [illegible] agreement to advance [illegible] £11.5m. to the Anglo-D[illegible] shore Concrete Group ([illegible] for the development o[illegible] platform building s[illegible] Hunterston on the [illegible] estuary. The Governm[illegible]

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Growth of automation

CAN be nothing more ting than—with a guest t—standing in a lunch-ueue at a bank branch with a cheque to cash behind a law-abiding with a huge pile of s and/or currency to pay reflection, to see one's spensing card irrevoc-gulped" by a terminal a a Saturday evening in neck-and-neck, especi-jen the user has a clear nce and money to his in account.

the situation is improv-fore staff is becoming le and a major effort is made by the big four g banks to provide better s at the sharp end—the bunters.

change is, in part, due fact that banks can now, han two years ago, pick hoose the staff they . It is also due to the ion that, while the cash-ociety may be much away than anticipated, edit card has been so accepted that it would lish not to exploit its alities to the full.

nsactions

all, bank or credit cards sed as far back as 1965 U.S. to allow holders carry out—once identi-the rightful possessors—nishingly wide number of tions.

ourse, no strict parallel drawn between U.S. con-and those prevailing in . In fact, it is fair to say S. bankers have learned deal from conditions and ons in Britain where the ur have ten to a hundred s many branches as the y of their counterparts U.S.

two major bank-based ards have felt the chill of squeeze and recession. heless, applications for rship have not declined the case of Barclaycard stance, still amount to 1,100 per five-day week— of which are successful. rse.

both systems report a re-n in the amount of the ng from which they make principal revenue.

A healthy sign is the continued weeding-out process, both of dormant holders and of merchant outlets, which means that statements concerning the financial significance of such operations must carry more weight.

From bank-linked credit cards to multi-purpose credit/cheque guarantee/cash cards is only a step, at least in the case of Barclaycard.

Barclays expects to launch this service as its new cash dispensers (NCR) grow in numbers—NatWest has just announced a cash and services 24-hour terminal. For Access, the problem is compounded in that three banks are its sponsors. But the problem is not really a technical one since many U.S. banks have formed groups sponsoring a single credit card line.

It is obvious that an Access card holder would have to go to the cash dispenser linked with his own bank, otherwise there would be a *de facto* merger.

In the background of this interesting situation — which holds the key to the cashless society — is the argument as to what the credit/identity card should carry in the way of information. One school of thought suggests that every transaction for which the card is used should be recorded thereon in the form of magnetic data.

Another school of thought asserts that for security reasons nothing more than the identifying code should appear.

In the latter instance, the onus of recording transactions lies within the bank and the merchant outlet (which in a few years will be on-line to a bank). In the former, a bigger burden is imposed on the transaction terminal.

Whatever the outcome, and the minimum information line backed by IBM will be fought for very hard, the inclusion of cash dispensers on-line in any banking network is an extra burden of considerable severity on the central processors, since such transactions demand between two and three times as many messages to and from the central processors as would an accumulating branch computer in the branch administrative office.

This development must compound the problems of the Big Four as they move closer to interactive processing from the present on-line situation. The threat of major failure at a processing centre becomes all the more severe as the load of interrupted transactions grows.

Actress Sylvia Syms with money she had just withdrawn from the National Westminster Bank Servicetill she inaugurated at Croydon last Monday.

It is not reasonable to expect even the richest bank completely to duplicate a £30m. installation. What can be done is to ask the communications system to take part of the burden and if one central processor cannot accept a given transaction because of a malfunction or cable fault, pass it on to the next machine in the hierarchy, wherever it may be.

This is the idea behind BINS, the Barclays Integrated Network System, and the recent decision by NatWest to set up IBM 3601 controllers as nodes in its bank network system.

The systems security problem can only be compounded as more and more "instant" information is demanded of the banking networks. But the information in any account cannot be entirely accurate, even on a day to day basis, it would seem, since the counter credit side of the banking business still lags so far behind the degree of automation reached with cheques. In parenthesis, the clearing banks do not seem to be particularly concerned at generally, together with local "personalised" current account services offered by small competitors, or at least less concerned than they were a few months since.

Five years ago some attempts were made to get agreement between clearing banks on OCR coding which would permit automatic handling of counter credit documents. Even the pressure from the obvious fact that machine processing costs one-sixth as much as manual handling has not changed attitudes much though the new buzz-word is "truncation," that is, retaining the document at site and passing on the data.

Replacing

It is becoming common practice to hand over tape reels to the Central Banking Service, replacing piles of documents and speeding transactions by many days. But the day when a major client will use a computer terminal to his banker's central installations as a substitute for his accounting department could still be ten years away.

In the short term it is obvious that pressure of costs of outlying branches and of staff costs generally, together with demand for more general credit facilities will result in a proliferation of terminals to the same or even a higher degree than hitherto with some quarters predicting a further tenfold increase in terminal installations by the end of the decade.

All the banks will have to follow the trend in setting up dispensers in areas where people congregate for entertainment or for shopping. But to avoid criticism, the dispensers will have to be electronically and especially mechanically near-perfect. Only too often good electronics design is let down by a few pence-worth of switches. They must also be vandal-proof—a nice assembly of requirements for the systems designer!

Meanwhile, competition for the fully automated bank branch business has never been more fierce with newcomers such as Datasaab winning orders which could result in a total of 10,000 units installed throughout Scandinavia and securing a significant toe-hold in the U.S. against all the entrenched might of the big U.S. companies.

At the same time, ICL still has not abandoned its hopes for a significant share of the U.K. banking market after the success of the very large real-time system installed on ICL equipment at the Bank of England. It has a major base in the Trustee Savings Banks where New Range equipment must begin to appear *in the next two or three years*, by which time ICL should have its own bank terminals, an area where most of the money lies.

Ted Schoeters

Giro battles on

PAST year can be put as perhaps the most sig-t for the National Giro in brief but somewhat red history since the ser-vas established in late n the first place National ade a profit net of in-payments for the first ince its inception and a hree years ahead of the date set by Mr. Christo-hataway's government re-in November, 1971. ly, in March, 1975, the ment responded to Board als by authorising al Giro to extend its of customer services to personal loans and over-acilities for both personal rporate account holders. dly, while promising that al Giro would have a crack of the whip in ten-for government money r business in the future, ment also announced arly in the next Parlia-y session it intended to ice legislation dealing ie reconstruction of Giro's , so bringing it into line underlying "needs and g capacity" and the fin-structure of its competi-

improvement in Giro's bility during 1974-75 has ed from a number of s, as the Post Office re-d accounts show. A turn-from losses of £5.1m. £1.4m. of government nsation in respect of price nt) to a profit of £64,000 nks partly to substantial in Giro's main market-eas and partly to favour-ovements in money mar-hich enabled Giro to write 2.6m. of the £3.1m. provi-gainst unrealised losses on ment and local authority investments incurred in the previous year.

Turnover rose by 60 per cent. to £20bn. and cash balances within the system increased by 32 per cent. to £147m.; more interestingly, perhaps, is the fact that although the number of accounts at the end of the year showed little change at 493,000 the average value of these accounts rose from £225 to £300. This is, after all, where Giro earns a sizeable part of its income, which is split fairly evenly between fees/charges and interest receivable.

Growth in personal accounts has been restricted both by competition and by the need to concentrate on more profitable facilities for the purposes of meeting government profitability targets. One of the more successful areas of Giro service, business deposits, has again registered a substantial improvement with the value of deposits more than doubling over the year to an annual rate of £3.5bn.

The basis of the Business Deposit Service is Giro's centralised accounting system. This ensures that companies receive the funds due to them from a network of collecting points far more quickly than is possible through the banking system. Employees of retail chains or individual agents can pay their takings into the local Post Office branch and on the basis of a fixed charge and minimum balance guarantee, the account of the parent company will be credited by the following day rather than in some cases several days later. Woolworths, with its 1,000 branches, has been a notable recruit along with a couple of major food retailers and insurance companies. Customers include the British Gas Corporation and Electricity Boards.

Giro also continues to make headway in the field of rent collection for local authorities. After a 300 per cent. rise in the previous year, rent collections were increased by 40 per cent. in 1974-75 to an annual rate of 18m. and over 100 local authorities (including the Greater London Council) have taken up the service.

Much less of a success story is Giro's progress in obtaining a sufficiently large share of government money transfers business. Although Giro handles the 90m. or so social service payments and provides some sort of service for most government departments, its stake in the total government money transmissions business is small, amounting to £2bn. out of a total of roughly £50bn. The effect of the March proposals will be to place Giro on an equal footing with commercial banks and the Paymaster General's office in tendering for government business. Giro has made the point that it expects no favours in this respect—merely a fair crack of the whip.

Gesture

The phased expansion of Giro's banking facilities, authorised by the Government in March, is intended to cover not only personal accounts but also corporate accounts in the private and public sectors. The first gesture in this direction came in May when Giro announced that fixed-term personal loans were to be available to account holders who have their pay credited directly into Giro and have held their account for at least a year.

Interest charges on loans, ranging from £150 to £1,000 with repayments spread over one to three years (or five years for selected home improvements), are to be at a fixed flat rate of 10 per cent. per year. For some time, Giro has had an arrangement with Mercantile Credit whereby its customers can obtain loans at preferential rates.

This step should be seen in the context of Giro's frequent complaint that its inability, in previous times, to subsidise current account activities by way of profits on loans had placed it at a disadvantage in competing with the commercial banking system. Coupled with an asset structure which tends to be short-dated, and hence relatively lower yielding, the basis on which Giro could offer free transfer between Giro accounts has not been particularly firmly based.

In any case, notions of creating a "poor man's bank" for the 60 per cent. or so of the adult population who do not have bank accounts have taken something of a back seat to date, as Giro has pursued its break-even objective. For example, in the fourth quarter of 1974, 45 per cent. of Giro's deposits came from the public sector (which is also a major recipient of its investment funds) compared with 2 per cent. for deposit banks.

Some commentators have expressed regret that Giro has been driven into the kinds of business which, although intrinsically more profitable, are already provided by the deposit banks. Thus, under the pressure of commercial realities, notions of a cheap and simple money transmission service that would be complementary to the existing system have had to be laid aside. In addition, the recruitment of personal accounts among, say, weekly wage earners (which hold little attraction for deposit banks because of the high ratio between transactions and balances) has met a well-known problem—companies wish to see recruitment before agreeing to the use of Giro forms or bills.

The final part of the March proposals, dealing with the capital reconstruction of Giro, stems from the large interest payments on loans, resulting in the main from past losses, which Giro has had to bear. This is to be relieved by a partial write-off of debt incurred to finance past losses and the conversion of part of the remaining debt into Public Dividend Capital. The full details will be published in the autumn but the effect is to allow the Government some freedom in the servicing of its investment, as it does with British Airways and British Steel, according to performance and capital requirements.

Giro is expecting a difficult year ahead but may at least feel that it has been taken seriously by government in 1975. Although the need to chase up more profitable areas of service has been at the expense of some of the original Giro notions of cheap money transmission, the fact remains that the deposit banking system has introduced credit transfers for non-customers and direct debits more quickly than they would have done in the absence of a competitor like Giro.

Terry Wilkinson

cottish

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l to underwrite this loan wo years while ANDOC es itself for a platform

A similar State involve-has been arranged in the of another Clydesdale ner, Sea Platform Con-ors, which has been ad-£12m. of public money plete a construction yard Clyde estuary, in advance eiving a platform order.

three banks have consider-raised their volume of ss in foreign currencies and in the case of the larger two banks this has been accompanied by some expansion of their overseas links. In particular, the Royal Bank's overseas representation has been augmented with offices in Houston and San Francisco. This followed on the heels of its opening of a Hong Kong office, and its taking of a minority interest in the associated Merchant Bank of Singapore.

Chris Baur
Scottish Correspondent

The merchant banks

FOR THE merchant banks 1974 was one of the worst years ever experienced. In the U.K. the banks were hit by the slump in the stock market and the property sector along with the high level of interest rates, while overseas the general recession has left many a deep scar. Many incurred staggering losses and despite generally more stable markets this year it is doubtful whether many will be in a position to regain their former role in the banking world. Indeed it is generally felt that drastic changes will have to be made, including rationalisation of the services offered and possibly of the banks themselves.

The slump in the stock market in 1974—the Financial Times Industrial Ordinary Share Index fell 63 per cent.—severely hit the corporate finance divisions, which in the late 1960s and early 1970s represented one of the most profitable facets of the merchant banking set-up.

A bleak outlook for short-term profits trends in industry along with highly depressed equity values meant that public flotations were virtually out of the question. Historically, vendors of small private companies tended to have an exaggerated view of their company's worth. Since the issuing houses were not in the position to get a realistic return on their investment, or come to that, fix terms that would not be eroded in a matter of days, the outcome was one of stalemate. No offers for sale were seen in 1974.

The position was much the same for secondary issues and takeovers. Few companies were prepared to issue equity at severely depressed prices and not surprisingly the amount of new money raised in 1974 was the lowest for over 20 years. This substantial reduction in activity left the banks with sizeable shortfalls in the corporate finance divisions, with many actually sustaining losses.

Stronger

The stock market this year has been far stronger, with the index up from 150 to over 300. However, the volatility of the market and the general long-term uncertainty still meant that the climate was rough for offers. But the speculation in long-term equity values along with a drastic shortage of stock in the market did give the banks the opportunity to advise clients on the merits of a secondary issue.

The advice was obviously accepted, for there has been a flood of rights issues this year. The total amount raised to date has topped £950m. Clearly the corporate finance departments are back in business, although prior to the £63m. issue by Royal Insurance last week there was a noticeable drop in the number of issues and the amounts being raised.

This one bright area, however, should not overshadow the sorry state the merchant banks find themselves in at the moment. Property, for example, is still a word that is only whispered nowadays in banking circles. The sharp downturn in property values seen over the past year or two has left the banks with vast amounts of outstanding debts that are far from secured and most of which has had to be written off. Prompted no doubt by the success of the secondary banks in the property sector the bigger boys moved into the area in a big way, lending huge amounts of capital for property developments.

Keyser Ullmann even went so far as to acquire a secondary bank, Dalton Barton, to gain the necessary expertise. Armed with the cash from the sale of Capital and District Properties the new management went to town. Some 80 per cent. of the loans made were attributable to the property market, much of it to the largest property speculators.

Not surprisingly Keyser's were hit more than most by the slump in property values. The bank disclosed a loss on the year of £61m. after making provisions for doubtful debt of £82½m.

Others to suffer in a big way from the shake-out in the property sector were Brandts and Edward Bates. Because of its losses Brandts decided to withdraw from the Accepting House Committee, the first to do so in the history of t[he]

Edward Bates' losses £15.2m., while as a furt[her indi]cation of the current [...] banking problems a stake in EB was rece[ntly sold] to the Arabs—valuing [the com]pany at £5½m. against [...] of £35m. when it was [...] three years ago.

Another specialist a[rea which] went sour on the [...] banks was shipping fina[nce. The] sharp fall in the tanke[r] rates had a disastrous [effect on] the value of tankers. [...] loans are granted to c[...] against mortgages. Ow[ners and] their bankers therefo[re faced] the problem of facing [...] of cancelling orders or [...] the expense of maintai[ning laid] up ships; it is estima[ted that] there is still a one-third [surplus] in tanker capacity in [...] line, so little upturn i[n] rates can be expe[cted for] several years.

Hambros were pa[rticularly] strong in shipping fin[ance but] the bank claims that i[t has not] suffered any loss of in[terest on] any shipping loan. Ho[wever it] is noticeable that mar[ny] loan repayment peri[ods have] been extended.

If these highly [...] areas were not enough [the] merchant banks seem [to have] missed the boat in t[he] dollar syndicated loan [market]. Where once U.K. bank[s headed] the league names such [...] corp and Credit Lyon[nais] head the lists of man[agers and] co-managers.

Outpace

All along the line [the mer]chant banks and issuir[ng houses] appear to have caugh[t ...] and the question is w[here] they go from here[. ...] bankers feel that they [are] back to square one, advising and financing where their entrep[reneurial] talent can be used to [...]. Nimbleness and flexi[bility] enable them to out[pace the] giants.

On the other hand those that feel the tim[e is ripe] to create vast bankin[g groups] —the theory being [...] brings confidence whil[e a] capital base will en[able them to] take on that much bi[gger busi]ness. Hill Samuel has [made] unsuccessful bids in [...] build up its asset base. [Com]panies involved here w[ere] Walker and MEPC.

There have, howe[ver, been] some successful expans[ions]. The Midland Bank t[ook] Samuel Montagu along [with the] Drayton Group while [...] Bank acquired Brandts.

Whichever way th[e banks] choose to go it is clear [they] face a period when a reassessment of their [...] be necessary. Competit[ion from] the overseas banks is [...] and the lessons to b[e learned] from the experiences [of the] past couple of years are [...] see.

David [...]

The smaller banks

COMPETITION FOR *business* among the larger clearing banks has been fairly intense over the past couple of years but the smaller banks, far from being outgunned, have more than held their own. Indeed the likes of the Yorkshire and the Co-operative Bank, are in their own specialist way playing a vital role in the modern banking system.

The smaller banks have gained their status not by competing across the board with the giants, since the size barrier would make this impossible, or by undercutting (in most cases anyway), but by concentrating on the personal type of account and the smaller business in general. The big boys in their efforts to gear up for the competition have tended to switch the emphasis away from these smaller accounts and as such the service offered has sometimes deteriorated.

This is basically why the smaller banks are scoring. They pride themselves on the friendly personal and flexible service that they offer. Indeed the recent advertising slogan of the Yorkshire Bank is "Friendliness. We built a bank on it."

The Yorkshire Bank, which started life in 1859 as the Yorkshire Penny Bank, is owned by a consortium of major banks led by National Westminster and Barclays. As the original name suggests the bank was founded as a working man's bank and over the years this identity has more or less remained intact.

The Yorkshire Bank now operates 183 branches covering most of the North and the North Midlands. There is, however, one branch in the City of London. Further expansion in the short-term will mainly take place in the Midlands.

Since the bank's operations are fairly concentrated it could be that it has a slight edge, in terms of communication, over the major clearer with its extensive geographical coverage. As such the service offered by the Yorkshire should be somewhat quicker. Equally the hours of business seem more flexible. The bank is open from 9.30 a.m. to 3.30 p.m. while in all the branches, excluding the one in London, a late night service is offered one evening a week.

Whatever the attractions of the Yorkshire Bank are there is no doubting the success. Over the past two years total resources have risen from £248m. to £322m., while deposits have grown from £217m. to £287m. Much of this substantial increase in deposits has been added to liquid assets which on June 30 last amounted to 31 per cent. of the total. Considering advances were only £143m. on June 30 the bank has considerable scope for expansion. Of these advances some 50 per cent. is made up by personal loans.

Turned down

Like the Scottish banks, the Yorkshire, recently turned down membership of the Bankers' Clearing House. At the time it was thought that the agreement the bank had with Williams and Glyn was operating satisfactorily and it could see no real advantage in joining.

The Co-operative Bank has, however, decided to join the Clearing House. Indeed this has been one of the main long-term objectives of the bank. As a member of the Clearing House the Co-op Bank will no longer be dependent on agencies for clearing — which it felt would have inhibited its growth prospects.

Over the years the Co-op Bank has expanded from the co-operative societies, trade unions and working men's clubs, etc., into a banking network with 50 conventional type branches and agencies in some 4,000 main Co-operative stores. Growth plans are for about five new branches a year, while at the same time the larger store agencies will be improved to bring them more in line with the branches.

Considering how the Co-op Bank started life it is not surprising that it is strong in the smaller type of accounts. Unlike the Yorkshire, however, it has tried to expand this side by under-cutting the main clearers. If the customer keeps in credit he incurs no bank charges. Moreover, interest is paid at the rate of ½ per cent. on any balance in the current account. On the personal loan side, the rate of interest charges is a flat 8 per cent., which is probably the most competitive in the market.

These competitive terms, along with the fact that consumers are offered some form of banking service during shopping hours, six days a week, explains the rapid rate of expansion seen since the bank became a limited company in 1971. Not that this means the bank is totally involved with the very small accounts for it claims to have successfully tendered for the business of one-sixth of all the local authorities in England and Wales.

The Co-operative Bank's growth image did, however, take a knock in the year to January last. The value of assets fell from £326m. to £292m. while deposits were nearly £32m. lower at £234.6m.—advances were cut from £124.3m. to £96.6m. The drop in profits from £4.75m. to £1.25m. mainly reflected the problems in the hire-purchase subsidiary, F.C. Finance, which was hit by the slump in the property sector.

There are more optimistic noises being made about prospects in the current year and expansion is proceeding on schedule. The service offered was further improved in January when along with the Trustee Saving Banks, the Co-op Bank joined the bank cheque card scheme, which gave them access to the Eurocheque arrangements.

It remains to be seen whether the Co-op Bank can sustain its current rate of growth on what is after all a less conservative trading concept than the Yorkshire. The links with the stores do offer unlimited scope and it is here that the Co-op Bank could prove a major threat to its rivals, but it must be pointed out that banking operations linked with stores are not without their failures.

Response

Anyway, the recent success of the Yorkshire Bank and the rapid expansion shown by the Co-operative Bank have evidently brought some response from the larger clearers. Recent advertising campaigns from these have consistently been slanted towards the personal type of account and how they are equipped to offer the best form of service. With the consumer apparently well satisfied with the service obtained from the smaller banks, the majors look faced with a tough task if they are to obtain a larger slice of this particular cake.

David Wright

'Lifeboat'

CONTINUED FROM PAGE V

of the Conservative Party's 1922 backbenchers committee.

Other major changes in management have taken place in the company, and, like so many other concerns with similar problems, KU has made rigorous provisions against its loans and investments, to the point that a £61m. total loss was returned for the past year.

The company, in which Prudential Assurance has a 17½ per cent. stake, has also switched away from property lending and is concentrating on a more traditional lending, investment and merchant banking business.

At United Dominions Trust, clearing bank influence has also much increased. With last year's appointment as chairman of Mr. Len Mather, a former vice-chairman of the Midland Bank, marking the retrenchment process the property lending has been cut right back and the money shops closed. First National Finance Corporation has a new joint managing director from a clearing bank, Mr. Maurice Denton, from the National Westminster, and two new clearing bank deputy chairmen, Sir Richard Pease and Sir Michael Wilson.

On the cards

In FNFC's case, a plan for the separation from the rest of its business of its property lending book, to be realised by the clearers against their outstanding loans, was not proceeded with, but some form of reconstruction remains very much on the cards.

Both UDT and FNFC, which have made large write-offs—leading to substantial overall losses for the past year—and have cut property lending drastically, there are long-standing consumer credit businesses, which can be seen as the basis for future contracted operations.

One of the key concepts in the lifeboat committee is that consumer credit lending involves a relatively assured flow of cash through numerous personal repayments and that this should, in time, generate confidence to encourage the renewed placing of market deposits. However, a continuing question must be whether a sufficient supply of independent market deposit finance can ultimately be re-established for these larger support lifeboat group borrowers.

Perhaps the largest single step so far towards ultimately shrinking the total outstanding loans from the lifeboat itself was Barclays Bank's recent takeover of Mercantile Credit, the third largest recipient of support. Bids had earlier lifted certain concerns out of support, notably P and O's purchase of Twentieth Century Banking from Bovis, and Grindlays Bank's of British Bank of Commerce. But it would be very rash to count on repeated operations of this kind to provide the solution to the remaining problem.

Lengthy as may be the big banks' task in tidying up the secondary banking situation, the memory of the affair will last even longer. One thing which seems certain is that redoubled precautions will be taken against its recurrence. Much strengthened supervision by the Bank of England already provides valuable safeguards, but it will be for governments to eschew excess expansion of the money supply, which can only stimulate what must prove over-ambitious development by financial concerns.

Margaret Reid

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Credit safeguards

Consumer Credit Act ...d last year has a double-...lled effect. As its name ...sts, it is, on the one hand, ...jor piece of consumer pro-...n legislation and in this ...ct it slots into a gap left ...e Fair Trading Act, the ...y of Goods (Implied ...s) Act and other recent ...ation which has built up ...ubstantial consumer pro-...n framework to the ...nt level. On the other ... the law has a major ...t on everyone involved in ...idustry of providing credit ...m the biggest clearing ...down to small retailers.

... the consumer the Act ..., in principle at least, ...ranging protection against ...hordes of potential mal-...ices which exist in the ...of credit provision. It is ...l largely on the "truth in ...ng" principle established ...he Crowther Committee ...t of 1971 and, like many ...recent pieces of legisla-... the Act establishes a ...ework, leaving the execu-... to furnish the detail ...gh a process of getting the ...ter of State for Prices and ...umer Protection to push ...tory Instruments through ...ament.

...e legislation itself turned ...o be a argely non-political ...ct The original Bill was ...rward by the Conservative ...nment and then adopted ...t lock, stock and barrel by ...bsequent Labour adminis-...n. The only substantial ...e which Mrs. Shirley ...ams' department made was ...mp the new role of Credit ...nissioner in with that of ...already existing Director-...ral of Fair Trading.

... terms of consumer pro-...n this made a good deal ...ense: after all the whole ...s of consumer-oriented ...lation was aimed at con-...ating control of all con-...r-related matters in the ...s of one effective watchdog.

It is fair to say however that among banks and others involved in the credit industry there were some reservations about this move since it would mean that a layman (in their terms) would have the definitive say in who could and could not offer credit, and also on what terms they would have to employ in advertising and extending this credit.

In the event things have not turned out nearly as badly as some had feared. Mr. John Methven, the Director-General of Fair Trading has walked carefully in establishing his new role of credit commissioner, and an entirely separate division of the Office of Fair Trading has been set up to handle the consumer credit side.

The biggest questionmark in everyone's mind was over the issuing of licences to those involved in any form of credit provision. Initially it was estimated that something like 70,000 licences would have to be issued under the Act, but subsequently this figure has been revised to nearer 100,000. At the end of March this year however the Office of Fair Trading issued a consultative document with suggested procedures for the issue of standard licences, and although a number of bodies have put forward proposed amendments on point of detail the basic framework suggested by the Office of Fair Trading seems to have put a lot of people's minds at rest.

Licence

The March document put forward a system whereby all those requiring a standard licence would fill in a preliminary application form, with the proviso that the OFT could require supplementary information on a second form if it decided that this was desirable. Debt collection agencies would have to disclose what methods they use in the conduct of their business, and credit reference *agencies would have to describe* the method used to obtain information and give details of how it is recorded.

In June the OFT took its consultative process further when it asked those involved for their views on the methods which should be used to put the licensing requirements of the Act into force. At that time the Director of Consumer Credit, Mr. Tony Scott, said that he envisaged a progressive introduction of licensing with applications being invited in groups over a period of about two years. A group would be invited to apply from a specified date, and the licensing provision would come into effect on an "appointed day" which would be six months on from the specified date.

The two ideas put forward by OFT were that licensing should take place in stages demarcated either by the type of credit business involved or more simply, in alphabetical order of companies requiring a licence. To make matters easier companies with subsidiaries in different alphabetical groups, or companies requiring more than one type of licence, would be able to submit one block application whichever system is finally settled upon.

But one thing has been made very clear by Mr. Methven, and that is he will not go for a system of automatic licence issue in the first instance. This had had been put forward as one solution to the formidable administrative task involved in issuing around 100,000 bits of paper, but talking about the Consumer Credit Act at a conference earlier this year Mr. Methven pointed out that "under the Act I have a duty to make sure that an applicant for a licence is a fit person to hold one."

Although the licensing question is not turning out to be the problem that some expected it to be, there are still one or two other aspects of the Act *which are giving rise to concern.* The proposed regulations on advertising of consumer credit amount to a formidable list of requirements on those proposing to offer money to the public, and this has given rise to fears that the net result may be a reduction in the amount of information available at the initial stage. For example, it is possible to announce that credit is available without going any further, but if any further information is volunteered then it must be accompanied by details of the true interest rate, the total cost of credit and a host of other detail. In motor showrooms all these would have to be displayed on each car, posing considerable problems for the car salesman, and perhaps prompting him to take the easy option and offer no detail at all.

Difficult

The true interest rate question is also a difficult one. It is easy enough to work out the true interest rate according to the formula laid down when one is talking about a fixed term credit contract. However, on revolving credit—for example, the budget account credit offered by many clothing retailers, and even the bank overdraft—this sum becomes impossible. It has been made clear that the intention is not to interfere with smooth working of the bank overdraft system, but still a good few people in the banking community are anxious to see how the actual detailed rules will finally affect them.

In the final analysis however the general feeling is that the Consumer Credit Act will be good for the man in the street, and that once details of this nature have been ironed out it will not bear unreasonably on legitimate business enterprise.

Sandy McLachlan

London's overseas banks

...HOUGH less well-known ... the big clearing and ...hant banks, the London-...l overseas banks have long ...led an important financial ...ion, which still fully con-...s, often in steadily altering .... Indeed, the last few ...s have brought some major ...ges in the affiliations, and ...ionally in the fortunes, of ... banking groups, which ... such long origins in ...in's imperial past.

...ndard and Chartered Bank-...roup, for instance, has seen ...major 11½ per cent. share-...ng previously held in its ...l by Chase Manhattan ...— one of America's ...st — moving home into the ...s of the Midland Bank, ...g Britain's Big Four.

...d the much-publicised ...les of Grindlays Bank (the ...r National and Grindlays ...), which incurred a £10m. ...ss last year, have certainly ...ned the tightening of share-...ngs links with the big First ...nal City Bank of New ..., while Lloyds Bank has ...me time had a large share ...st in its holding company.

... these two examples ...rate, it is not possible to ... an exact common pattern ...e recent development of ...overseas banks: in one of ... cases the shareholding tie ...ith a large American asso-... has been severed, while in ...ther it has been tightened.

...wever, in some broad ...cts one can attempt certain ...ralisations about the ...tion of this group of ...s, which are mostly London-...l and certainly rooted in ... British origins by long ...tion.

...would certainly be mistaken ...ink that, as Dean Acheson ... of Britain, the British over-... banks have lost an empire ... not yet found a role.

...tworks

...e big networks which have ... built up around the world ...ch groups as Barclays Bank ...national (the former ...lays DCO — Dominion, ...ial and Overseas), Standard ... Chartered Banking Group, ... Lloyds Bank International, ...nue to flourish. The fact ...heir healthy survival in ...tly changing political con-...ns stands indeed as a ...ment to the soundness of ...sh banking practice.

...t significant developments ... under way. Perhaps the ... obvious is that, with the ...rity of fresh generations, ... nationals of many fairly ...tly independent countries ...hich the banks operate are ...asingly moving into top ...agement in their own ...tries, often as a matter ...e state policy of the nation ...erned.

This trend seems likely to be reinforced in many cases in time by growing local shareholdings in some of the groups' operations. Sizeable outside shareholdings already exist in the separate companies which Standard and Chartered, and Barclays Bank International, have in South Africa, and there are prospects of the parent interest being reduced in due course to some 50 per cent. following the Franzsen Commission report.

The trend towards greater local investment in parts of the various banks' operations is also likely to be seen increasingly in Africa, particularly in West Africa, where banking is possibly most developed outside the south.

In a few countries, state takeover has removed the business of a British bank from its former parent entirely. But in a few other cases, even where acquisition of a controlling stake has meant effective nationalisation, continued British interest has been allowed for the sake of retaining management skills.

To balance a certain movement of power with the steady build-up of local participation in many of their traditional areas, the banks have lately been developing in other directions, both geographically and in their type of business. In particular, wider connections have been forged in the developed world, through certain take-overs in the U.S., setting up of links with large groups there and through the opening of branches and offices in Europe.

The rationale of this type of move is to obtain new outlets for the banks' expertise and also to be able to offer customers as wide as possible an international network of links with owned or associated operations.

For instance, Standard and Chartered Banking Group, the product of the merger in 1970 of the Standard Bank, with a large business in South Africa, West Africa and elsewhere in that continent, and Standard Bank, with its extensive Eastern network, has been moving into Europe and developing its U.S. associations.

It now has several branches in Britain as well as others in Hamburg, Paris and Milan, together with representative offices in Madrid, Copenhagen and Frankfurt.

Links with the U.S. were decreased by the recent sale of the £34m. Chase Manhattan share stake to the Midland Bank; the Californian banking business of Chartered Bank had proved an obstacle to a continued holding, under the sensitive competitive rules administered by the Federal Reserve Board. However, Chartered Bank has now absorbed the small Liberty National Bank and has new offices in Seattle and Chicago, while the Standard and Chartered parent has a presence in New York.

In these days of bigness, several of the main overseas banks are now closely linked to, if not wholly owned by, larger groups—and this has many advantages of added strength in times when the banking industry the world over is aware that upheavals can occur.

Troubles

Such links have recently been tightened in the case of Grindlays Bank, whose recent troubles chiefly derived from large losses at its Brandts merchant banking subsidiary.

Complete control across the Atlantic is widely regarded as not compatible with the company's standing as a long-established British-based bank, but one of the largest American groups, First National City Bank of New York, now has a 49 per cent. stake in the group, inevitably giving it a high degree of influence.

Lloyds Bank, one of Britain's Big Four clearers, also has a large shareholding in the parent company, Grindlays Holdings. Both have participated closely in discussions about further capital raising being arranged for the group.

Two major overseas banks are now already fully owned by big British clearers—Barclays Bank International by Barclays Bank, and Lloyds Bank International, incorporating the former Bank of London and South America, with large Latin American interests, by Lloyds Bank. These two concerns, both successors of previously partly independent London-based overseas banks, now conduct the growing foreign businesses of their parent companies, which afford very solid backing for their operations.

BBI has been following an expansionary policy overseas, and now has branches or offices in a number of Continental cities. In the Middle East, where it holds a minor stake in Iran Overseas Bank, it has just opened an office in Cairo and plans to start others, despite talk of Arab boycott moves.

Across the Atlantic, BBI has interests in California, and also in New York via First Westchester, though its plan to buy Long Island Trust was blocked. BBI this year had the distinction of being one of the very few British companies to make a Eurodollar bond issue—of \$50m. 9¾ per cent. capital notes 1982 in June so acceptable was its name in world markets as a result of its widespread business.

LBI's expansion in the developed world has recently been carried forward particularly by its acquisition of the major American concern, First Western Bank and Trust Company.

The Eurodollar market has afforded one of the most significant developments of recent years for several of the overseas banks. As Bank of London and South America, LBI played an early pioneering role in the 1960s in developing this rapidly growing market in which numerous banks now operate.

For the independent overseas banks the strategy of expanding operations in the Eurodollar market has the important purpose of tapping a source of deposits separate from that in the traditional operating areas abroad.

This has become the more important with the increase in certain restrictions on the transfer of funds around the world, particularly since the Sterling Area was virtually wound up in 1972.

In his recent annual statement as chairman of Standard and Chartered Banking Group (soon to be renamed Standard and Chartered Bank), Lord Barber, the former Chancellor of the Exchequer, pointed to the further substantial growth in the international division's earnings. These include the Eurocurrency business, regarded as having better scope for operating on the lending side at good margins after last year's upheavals in the market. Another of the bank's interests is Mocatta and Goldsmid, one of London's main bullion dealers.

While some of the largest London-based banks are, in various ways, forging broader links to get increasingly international coverage, others, such as Australia and New Zealand Banking Group, have grown primarily in their traditional theatres of operations, though with wider international representation. Hongkong and Shanghai Banking Corporation which, though Hong Kong-based has strong British associations, is mainly an operator in the East and the Middle East where it owns British Bank of the Middle East.

It has, however, some wider connections, including its 40 per cent. stake in the London merchant bank and accepting house Antony Gibbs Holdings.

The recent years of, sometimes troubled, growth in the world banking system have been an era of marked growth for the London-based overseas banks. But against the background of an increasing need for broad international coverage, there could be significant fresh developments to come in the banks' links with the rest of the world banking industry.

Margaret Reid

Venture capital demands

IN THE current economic recession, it is natural that the demand for venture capital has dropped. Fewer people are prepared to take the risk of forming their own companies in a perilous economic climate. At the same time bankers have become more cautious about lending money for start-up situations with little or no track record. Two years ago there were over 15 banks in the City that were involved in one way or another with venture capital. To-day it is only the few specialists that are still in the market. And their lending rate has dropped off from the levels of 1972/73.

At the same time, however, banks have persisted with development finance — that is, providing funds for companies that have track records and need further funds for expansion. For the entrepreneurs who approach these banks for more money, there is the compensation that if you can survive, let alone expand, in the present climate, then things should really be good for you when conditions improve. On that basis, bankers will be prepared to lend money to the right kind of candidate.

Invariably, the right candidate will need to show an impressive track record, adequate management succession and the existence of an expanding market for the product or service. If the market includes exports, so much the better. Very often an application for funds fails not on the worth of the venture but on the poor presentation of its prospects. A vague, half-hearted attempt will not do —what is required are detailed reports with audited figures and carefully calculated forecasts.

Among the clearing banks, National Westminster and the Midland are the most involved in development finance. Midland operates through its subsidiary, Midland Montague Industrial Finance. This was set up in 1968 to provide equity and loan finance for small, private companies with growth prospects. Finance of between £50,000 to £300,000 can be provided.

The company has a small portfolio of less than a couple of million pounds. This year it has made only a single new investment and is currently in the process of completing a second. Each investment is below the £200,000 mark. This plodding rate is rather slower than an average year and in a good year the company could pick up five investments or so.

Pressures

Given the pressures of the recession, its staff has been concentrating mainly on looking after existing clients—a common tale among the venture capital fraternity.

The normal basis is to make equity-linked loans with a coupon of about 2½-3 per cent. above the ruling inter-bank rate. A representative of the company will sit on the client's Board in a non-executive capacity, although he will often contribute to management. In an extreme case, he has been known actually to take over the management of an ailing client company.

Ideally, the client company will be nurtured towards a stock exchange listing. But in most cases the company will be sold off to a bigger group in the same industry. Sometimes, the bank becomes locked into the company because the majority shareholders do not agree to a sale of the minority shares, or the business fails.

National Westminster Bank operates through its wholly-owned subsidiary, County Bank. Its total loan portfolio is over £135m. but only a portion of this is for development finance. It has around 40 companies in which it has invested some £30m. in development finance. The company helps to finance small and growing companies with a good profits history culminating in pre-tax profits of around £30,000. Its medium-term lending takes the form of redeemable preference or preferred ordinary shares carrying a coupon of about 2 per cent. above the inter-bank rate.

"The level of profits at £30.000 is struck after we have made adjustments for directors' remuneration," says Mr. R. N. Bowes, managing director. "Some private company directors are underpaid, others overpaid—we allow for what we think is reasonable remuneration." Most of the business comes from the numerous branches of its parent company, but a few introductions do come from the professional consultants."

There has been some falling off in the inquiry rate for new money but Mr. Bowes is reluctant to ascribe this directly to the recession in industry.

Barclays and Lloyds are also active in the field but to a lesser extent. Barclays has set up its Business Advisory Service to help smaller companies with problems and it would not be surprising to find that Lloyds is thinking up a package of its own. Both banks also help finance smaller companies through their corporate services departments.

Biggest

The biggest vehicle for small companies to seek finance is the Industrial and Commercial Finance Corporation (ICFC), owned and financed by the clearing banks together with the Bank of England.

ICFC lends to small companies mainly on a straight loan basis and with fewer strings attached than the merchant banks call for. In some cases, though, it will call for equity and even put one of its representatives on a board. For technological companies the group operates through TDC (Technical Development Capital) which is involved in lending money to people who have invented a marketable product and also have the entrepreneurial skill to understand the business environment.

Another source of finance for investors is the National Research and Development Corporation (NRDC) run by the Department of Industry. There are two ways in which the NRDC finances ventures: by providing half the development costs for an invention and imposing a levy on the sales of the product if and when it becomes viable. For the year to March 31, 1974, the NRDC invested £2½m. in such ventures and received about £½m. from previous investments.

The returns on its other method of financing are much higher. In this case it funds the entire development for the building of a product resulting from research (often from a public body like a university) and sells the licence to a commercial firm, taking a half share in the royalties. The revenues from these investments amounted to over £7m. in the 1973/74 fiscal year, while the amount of new investment was less than £½m.

The main difference in approach between the NRDC and the banks is that the N run as a non-profit orga even though it is expe balance its books eac Furthermore, it aims to a project rather than pany and that is quite ferent angle.

Given the recessionar the NRDC is worried a lack of worthwhile pro ing presented to it for It has a total of £50m. ing powers of which onl has been used. Altho total outgoings for t financial year (up to M 1975) are higher than t ous year this partly ref high rate of inflation actual volume of busin doing is lower than th thinks it could be. The are due to be publish month.

Roy ...

Credit cards

IT LOOKS as if the next year or so is going to be a period when a steady nerve will be required in the credit card business. Already the card companies are showing signs of stress and the forthcoming months should show what sort of management mettle they possess.

The fascination of the credit card game at the moment is that this is the first time the industry has had to operate in the midst of a recession. There may be historic precedents for bad times in other industries, but credit cards were born of the "never-had-it-so-good" affluent society, and now have to see themselves through rather different circumstances.

Two perhaps surprising factors have shown themselves already in this new marketing game. There is evidence to suggest that as times get difficult people do not borrow more, but less. And, having borrowed, they do not delay payment for as long as possible, they pay their bills as rapidly as they can. It looks as if the debt burden is something that the middle class is not prepared to carry with quite the same alacrity as when pay cheques were regular and fat.

Both types of credit card appear affected by the present position. Diners Club, one of the two major travel cards in the U.K., has had to increase its annual membership charges to new recruits—not, it has strenuously pointed out, because it is losing money, but because it wants to protect itself against the day when it might. Diners, which is 49 per cent. owned by National Westminster Bank, must be operating on tight margins these days, because the likely revenue from the change in fees runs into not much more than £25,000.

The difficulties of the bank-cards, Access (which again has NatWest along with other clearing banks as partners), and Barclaycard, must be considerably greater, however, since their potential return from a boost in monthly interest rates from 1.5 per cent. to 2 per cent. is obviously sizeable. Barclaycard, the older of the two systems, had a brief period of profit a couple of years ago but has now rejoined Access in a loss-making position from which the other has never succeeded in escaping.

The key to the problems of Access and Barclaycard is that the consumer appears to have learnt how to play the credit card game in a way that hurts the card companies most. The word "appears" is important, since if it is just a symptom of current economic circumstances, then once the economy revives so will the fortunes of the cards. If, however, the lesson has truly been learned—which is highly unlikely—then the problem is permanent and the card companies would have to re-write the rules.

The bank cards draw their revenue from two major sources. Unlike the "travel cards," who rely on high spending members, they do not lean predominantly on retail outlets. Their retail commission tends to be smaller, but then so does the average level of the transaction.

Diminish

The biggest source of income is interest on the money outstanding. In recent months both the majors have seen the average length of time a debt remains diminish by as much as a quarter. At the same time the average debt, which for years has been climbing steadily, has shown signs of levelling off. The card companies have been left to look to growth in membership for increased revenue of any consequence, and enrolling new card-holders is not the relatively easy task that it was two years ago—or at least now seems in retrospect.

During all these changes the card companies have not been immune from the same cost rises as have hit everyone else. They are about to suffer another blow with yet another increase in postal charges.

And yet a simple increase in interest rates was not the only option open to them. They could have reduced the amount of "free time" given to card holders—already there is a differential since a purchase has 25-55 days "free" of interest, while a cash withdrawal attracts interest immediately. Alternatively they too could have introduced an annual membership charge, which would have helped to pay the servicing costs of those "dormant" cards which have yet to be picked up by the computer and weeded out.

In fact, both these moves may have provoked a greater fall-out in membership than was worthwhile. The "free" period is a good promotional vehicle, provided not too many people take advantage of it, and the membership fee would pull the carpet from under the basic concept of a bank card anyway.

The other possibility—a substantial increase in the commission paid by outlets—is also fraught with difficulties. As traders find their own margins contracting they are less and less enthusiastic about giving up part of their mark-up to a third party. Although the card companies are still signing up establishments, there is probably a greater wastage rate among outlets than most of them would admit.

Arthur Sandles

More use of leasing

LEASING HAS moved over the past few years from being a peripheral and little understood means of finance to one which now accounts for 7 per cent. of all U.K. capital spending and has getting on for £1.3bn. worth of assets on its books. The industry has thus grown greatly in importance in an economy whose prevailing problem is its low level of investment. Its views—expressed by the Equipment Leasing Association, which represents 90 per cent. of leasing activity in the U.K.—carry increasing weight with the Government.

At a time when there has been a proliferation of actual or proposed moves in the fields of fiscal, consumer and anti-inflation legislation, the ELA has had its work cut out to provide comprehensive briefings and consultative papers for the Government, but seems in most cases to have been successful in persuading it that leasing is a facility quite separate from both banking and instalment credit and thus deserving of special consideration.

According to the ELA, its members had £1.1bn. worth of leased assets on their books at the end of 1974, a jump of £317m. on the previous year and double the 1972 figure. Rentals last year totalled £222m., once again twice the level of 1972 and three times as large as in 1971. Net receivables for the years 1971 to 1974 were £284m., £339m., £533m. and £716m.

Specific

Leasing is essentially similar to other forms of medium-term finance such as bank loans and hire purchase in that it is used to finance an asset. However, the big difference is that it is the specific piece of plant or machinery, rather than the money, which is borrowed under a leasing agreement. The ownership of the asset never passes to its user, so that the lessor can receive all grants and allowances. The lessor then reflects these in the rental payments which he receives from the lessee.

There are two main types of lease—finance, or "full pay-out" leases, and operating leases. Under a finance lease specific equipment is leased out for a limited period, usually between three and five years, in return for regular rental payments. These rentals allow the lessor to recover the cost of the original equipment, the administration and collection expenses and a profit on his investment, while the lessee has the full use of the asset.

With an operating lease, by contrast, the lessor's profit depends on the sale or re-lease of the equipment; as in the case of car and truck leasing—both of which seem to be growing increasingly popular in the U.K.

From the leasing companies' point of view one topic of key interest at the moment is how leasing should be accounted for in their books. The ELA has recommended that the "Investment Period Method" should now be used as a more realistic method of spreading earnings over the period of a lease. However, the advent of the Sandilands Report and the inevitable acceptance of some form of inflation accounting will lead to further revision of the mechanics of Investment Period Accounting if not to its basic principles. These readjustments will be in the interests of the

CONTINUED ON NEXT PAGE

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Discount market still in cautious mood

e London Discount market the appearance of an preparing to withstand a but after the disastrous k on the market of two ago, there is a good deal nfidence this time that the t will be more satisfactory. ote of caution has been k in the recent statements by the various discount es and although profits in the first half of the may be looked on as satis- ry, there is little inclina- to look into the future and ict the path that interest will take in the next year . However, if the pattern 73 is repeated then at least houses will not find them- s on the edge of bank- y as some of them were years ago.

ere has been a large-scale nking of tactics for the new paign, and an adjustment he length of books makes market fairly sure that it not be caught out again.

During 1973 interest rates rose so sharply, as the authorities moved to tighten the monetary situation, that the Bank of England Minimum Lending Rate jumped from 7½ per cent. to 11 per cent. in a matter of eight days and the market saw its capital and reserve ratios cut by around 40 per cent. Over the last year, however, discount houses have enjoyed a particularly profitable period, with interest rates tending to fall and profits being made on the high margin between the price of funds to the discount market and the yield which is obtained on investments.

A crystal ball would now be a useful addition to the list of sophisticated equipment which adorns most dealing rooms. The greatest difficulty at present is knowing which way interest rates will move, but the houses will now be operating very short books again, after the profitable period which they have just been through had encouraged some lengthening of commitments for a time.

Well down

Good profits have also been made in gilt-edged dealing, but the more recent concentration of business on the longer end of the market, which is not within the normal range of the houses, has not been of assistance. The margin between borrowed and invested funds is now well down from the earlier high levels, and profit margins are obviously coming under pressure.

The relatively heavy reserve asset positions being run by the banks, following a fall in demand for credit, is a threat to the scope of the market, and any upward trend in short-term interest rates is obviously being carefully watched.

During last year the discount houses group was the best performing of all the domestic sectors, but the days of high profit margins have come to an end since. On the other hand the market must have been gratified by the recovery of its resources within so short a period of time. It is probable that almost all the houses were better off at the end of 1974 than in December, 1971, a very satisfactory position, considering that 18 months previously the market was on the verge of breaking up.

There is obviously no reason, from the official point of view, to protect the discount market in future, and many houses may have plans to adopt a new field of activity if the Bank of England decides to change the rules of the banking system at some time in the future, but it must be hoped that any changes which will affect the discount houses will be made with due consultation and warning.

The lender of last resort facility offered by the authorities enables the discount houses to remain operational on a relatively fine liquid margin and the reserve asset status enables them to borrow from banks at below the rate demanded from borrowers without this status. This status did not exist before the autumn of 1971, and could possibly disappear again, with a change in the Competition and Credit Control arrangements.

The goodwill which exists between the market and the Bank of England stretches as far as the commercial banks as well and this is obviously of paramount importance. The houses would hardly wish to jeopardise this position by moving more directly into a field of operation which brought them into close competition with the banks.

This may well be the case if they shift away from the circulation of money in the money market and into the broader field connected with the financing of industry. The current depressed state of affairs in which the world, and particularly the U.K. finds itself must limit any such movement, however, and the current low level of business in commercial bills tends to indicate this.

Sterling

There has been an even lower rate of investment in British industry of late than in the past, and the banks, though well able to increase lending to industrial customers, have found that demand has been low throughout the year. Providing there is not another damaging slide by sterling, interest rates may well be held as low as possible in an atempt to encourage more borrowing by industry, and if this is the case it will of course help the discount market as well.

Purely domestic reasons do not control the movement in rates however, and the authorities must constantly be watching trends in other countries. The recent rise in Minimum Lending Rate was largely because of the erosion of the differential between U.K. interest rates and those in the U.S.

Consolation may be gained however from the trend of falling interest rates in the rest of the world, with many European countries and Japan cutting their bank rates in order to promote confidence in industry and boost their economies. There also appears to be evidence that rates in the U.S. may have reached their peak, and therefore it may be possible to hold interest rates in the U.K. at their present level, but the discount market will remain rather nervous over this point for some time to come.

Surplus

One of the main features of the market recently has been the very large issues of Treasury bills to finance even larger Government spending. The build-up of surplus liquidity in previous months, coupled with the recent record applications for Treasury bills, may lead to the belief that the discount houses have a continuing problem over surplus funds.

This is something of an illusion, however, as it does not follow that because well over £1bn. of bills are applied for that this is the market's requirement. It is more likely to be the recent high demand for Government finance, which has caused the houses to adopt a more competitive attitude to their tendering.

Applications for Government stocks over the last few months have, however, certainly been remarkable. In mid-July an issue of £750m. of Treasury 13½ per cent. Loan, 1997, at £94½ was immediately a virtual sellout, attracting applications of some £650m. to £700m., and the issue was not operated as a "tap stock" in the normal way. Since then, applications at the weekly Treasury bill tender have reached record proportions, but how long this will continue must be a matter for some conjecture.

Colin Millham

Factoring services

THE major banks can now their corporate clients a established factoring ser- And this is the kind of in which factoring sounds mely attractive when it is ained to the too numerous panies that are still uncer- about the exact role of ctor.

sically most factors offer clients three services. take over the sales ledgers companies and assume onsibility for collecting the s from customers; they re their clients against bad s; and they also forward cash to clients on receipt he invoices.

lthough this service is ed seperately and is usually ted to 80 per cent. of the e of the invoice. So a com- y employing a factor should few financial worries and concentrate on manufactur- and marketing its goods or ice.

1975 many companies have enly discovered that they the sound of factoring. are perhaps suffering very late payment by omers, or else fear that of their buyers are about o bankrupt, leaving them a debt. In addition com- s appreciate just how valu- cash in hand can be, and ng the bulk of their ue almost at once from tor, and using it to expand ompany or invest in some prise, is a much better that chasing up slow rs. So the half-dozen or so ng factors in the U.K. have deluged with approaches companies anxious to ne customers.

Approaches

e banks, with their vast cial resources and their cts with thousands of com- s who are already their omers, have always been in ong position to dominate actoring industry, but they slow to get involved. Even y they are not publicising the service too vigorously, and those factors not owned by a clearing bank still get approaches from companies that do not like the idea of having their bank as knowledgeable about their financial position as a factor must be. So there will always be a place for factors such as Alex Lawrie, Arbuthnot, and H & H, which are owned by finance houses rather than banks. Even so the Big Four now have a major role in U.K. factoring.

The largest factoring company, International Factors, is three-quarters owned by Lloyds and Scottish with the First National Bank of Boston holding the remaining share. Last year it factored £102m. worth of turnover (with a small proportion consisting of invoice discounting, a related service whereby the factor buys debts, giving in return a high percentage of the debt, in cash), out of a total for the industry of around £420m.

The second largest factor is Griffin, owned by the Midland Bank and growing fast to a turnover of around £80m. The National Westminster has a well established factoring company with Credit, and Barclays came in about three years ago with its own subsidiary. The dominance of the British banks has been at the expense of the American, some of whom set up companies only to withdraw them, although the Bank of America/Williams Glyn jointly own a substantial operation which aims for a £100m. turnover this year.

Although there have been many companies attracted to the factoring service this year the great majority present problems rather than profit, and after a boom year in 1974 few factors expect to grow appreciably this year. Their existing clients, a typical cross-section of British industry with perhaps a preponderance in the engineering and textile areas, are not pushing up their turnover, and growth is only available through new business. But less than one in ten companies that approach a factor get taken on, for factors, although they offer a certain amount of security to their clients, are very fussy about who they take on and the service they give.

For example, Alex Lawrie does not usually give a bad debt insurance. Its clients are mainly concerned with getting an improved cash flow. But the company maintains that even the factors that do offer a bad debt cover are unwilling to provide it for doubtful customers of their clients, and there are complaints that factors are over-cautious.

Spectrum

It is true that factors have yet to be seriously worried in recent years by a bad debt situation, although they all agree that this year their clients' customers are taking longer to pay and that the potential bad debt situation is rising. A large factor is conscious of the financial situation of a wide spectrum of companies and can usually advise a client quickly if a customer is delaying payments. In addition, companies usually tend to respond to a factor's pressure for payment of an invoice because they know that a poor reputation will lead to other suppliers being warned off by the factor.

What sort of companies are the natural clients of a factor? They tend to be small companies with a good growth record and operating in a fairly clear-cut market: factors are not that interested in chasing up thousands of small invoices each of around £10. International Factors rarely takes on a company with a turnover of less than £150,000, although Alex Lawrie's minimum is as low as £55,000. The average size is about £500,000 across the board, and there is a realisation that once a company has reached a certain size, say £2m., it will probably want to organise its own accounts department and chase up its own customers.

However, Bank of America/Williams Glyn has recently taken on a company with a turnover of £14m., and a couple between £3m. and £5m. It wants to use the steady cash flow from a factor to finance acquistions and growth. But this is unusual, and larger companies mainly ask a factor only to handle their export business in certain markets, for a factor can provide an identical service on overseas business at very little extra cost.

It is the cost of factoring which probably makes the larger companies dispense with the service. At the basic level, for supervising the accounts and insuring against bad debts, a successful company will probably have to pay a factor from 2 per cent. of its turnover downwards. The small companies pay more; the larger less. For the liquidity service factors charge around 3 per cent. above Bank Rate. The costs depend upon the complications and the risks in the client's business, and also vary between factors. On the whole they have not increased much in recent years, and have proved generous enough for the factors to contribute quite substantial profits to their owners.

No shortage

Profits are unlikely to rise this year and some factors may be a little worried about the bad debt situation. But if existing clients fail to expand there will be no shortage of prospective clients. There tend to be good relations between the factors and the operations owned by banks are usually prepared to recommend corporate customers to other more specialised factors if they think that their business fits in more neatly there. All told there are only about five hundred companies using a factor in the U.K. at the moment so the potential is enormous. No doubt when the economy expands again the Big Four banks will attempt to sell their factoring service more energetically to likely companies. At the moment the industry is marking time.

Antony Thorncroft

Leasing

CONTINUED FROM PREVIOUS PAGE

ng companies insofar as bring about more realistic eciation levels on the basis placement cost.

e arguments in favour of investment period method very lucidly set out in a re- discussion paper by Ronald g, divisional manager for bard North Central, the ce arm of the National minster Bank.

ith the introduction of fin- leasing in the early 60s by Finance Houses the basis of unting adopted was the ight-line" method, that is, vering the cost of the asset ly over the lease period. If e was a guaranteed residual e to be had for the equip- t at the end of the period, this figure was reflected in depreciation charge by a re- ion of the original cost. s earnings—the result of cting depreciation from l income—were thus the for each year of the lease. wever, this method failed eflect the fact that money ges were higher in the early of the lease and grew ler until amortisation had taken place by the end of the lease period. If the funds for the equipment were internally generated by the leasing company their opportunity cost—the amount foregone by not investing them elsewhere—still had to be included in calculations. Thus the position arose where all leases were disclosing losses in their early years because of the high costs of setting up the lease. As leasing expanded rapidly the losses became even greater.

Progression

In order to reflect the higher interest costs in the early years of a lease, lessors introduced the "Rule of 78ths method," sometimes referred to as the "Sum of the Digits." This involved a depreciation charge which increased in arithmetic progression over the period of the lease—being relatively low in the early years and relatively high in the later years. This combined with fixed rental income, meant that gross earnings were higher at first and fell away over the period of the lease in line with money costs so that net earnings were more evenly spread.

This method ignored any tax implications as the system in force at that time did not provide for any substantial cash flow advantages. However, the introduction of 60 per cent. first year allowances in October, 1970, and the increase to 100 per cent. in March 1972 changed all this. The rule of 78ths, which ignored any cash flow benefit from the first year allowance, thus, in its term, became an unrealistic method of accounting.

As Ronald Young points out: "The 'Investment Period' method of accounting adopts the principle that the gross earnings represented by the excess of primary rentals over the original cost of the asset should be taken to profit on a constant basis and in direct relationship to the reducing capital invested in the equipment during the lease period. Because of the capital allowances or group relief arising from these tax provisions, the period of cash investment in the lease falls short of the primary lease period. The Investment Period method reflects this by loading depreciation much more heavily towards the second half of the lease period, thus not only bringing gross but also net earnings forward to a considerably greater extent than under previous methods.

Unforeseen

Critics of the method have claimed that this amounts to "front end loading" of profits and that the quick recovery of the cash investment means that there are no more earnings to set against future, and perhaps unforeseen overheads. However, the method recognises the same basis of cash flow as the calculation of the original lease rental and generates a positive cash flow throughout the lease period. There is a certain limited additional exposure to default, but this is relatively small and overall the method is felt to be more realistic.

Peter Foster

At 1542 GMT on September 12 Klaus Enders of BHF-BAN in Frankfurt changed the D Mark spot rate.

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REUTERS

After coming close to breaking down, the United Nations special economic session in New York has just ended successfully

Tentative steps to a new economic order

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From MALCOLM RUTHERFORD, New York, September 16

UNITED STATES," said .S. Ambassador to the Nations, Mr. Jacob M. on, at about three o'clock orning, "cannot and does cept any implications that orld is now embarked on tablishment of something 'the new international nic order'." Neverthe- the U.S. did not vote t it and, subject to a few al reservations, mostly he U.S. itself, the outline new order, or at least an for world economic , has been unanimously d here.

as taken more than two of negotiation. The UN's h special session on lopment and Inter- al Economic Co-opera- opened on September 1 hould have ended last . Instead it dragged on h the week-end, threat- several times to break and ultimately concluded early hours of this morn- th the Third World con- ting itself on its achieve- the European Community ating its unity, the cans looking slightly ered, and the Chinese ne Russians out in the

st minute

as a last minute decision Chancellor Helmut it that enabled the to end when it did. time last night the West n leader instructed the n delegation to abandon merican camp, drop its tion to the idea of a link between the crea- f new Special Drawing and development aid, in the Europeans for the sake both of European unity and of reaching agreement with the developing countries.

The decision was largely symbolic. The language on SDRs in the final resolution is innocuous and merely demands that the establishment of the link "should form part of the consideration by the International Monetary Fund (IMF) of the creation of new Special Drawing Rights as and when they are created according to the needs of international liquidity." The Americans entered a reservation stating that "the U.S. position, that it does not support an SDR aid link, is unchanged." In any case the discussion has been simply referred to the International Monetary Fund, where the U.S. has power to veto and there is no binding commitment to change.

This is typical of the resolution as a whole. It does not itself represent the new economic order, but is more an expression of a political will to create one. As such, it is a remarkable achievement—far more than was expected at the beginning of the session and, even in spite of the American reservations, bringing together the Western industrialised countries and the Third World in an unprecedented way.

The resolution falls into seven main sections: international trade, the transfer of resources from the rich to the poor countries, science and technology, industrialisation, food and agriculture, co-operation among the developing countries themselves, and the restructuring of the economic and social sectors of the UN's system. Although the importance of such sections as food and agriculture speaks for itself, all but the first two sections were relatively uncontroversial and it was these which attracted, and will continue to attract, most attention.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, chats with other delegates during the UN special economic session. He made the point, indirectly, that most of the Group of 77 developing countries are tied to the West, despite all the Marxist language.

The final wording is not dramatic. The section on international trade calls largely for a continuation and acceleration of negotiations and discussions already going on, for example within the UN Conference for Trade and Development (UNCTAD) and the Multilateral Trade Negotiations under the Gatt. There is no outright commitment to indexation or to tying the price of commodities to that of manufactured goods. But there is a call for concerted efforts "with a view to counteracting the adverse effects of inflation and thereby sustaining the real incomes" of the developing countries. Paragraph five says that there are several options open to the international community to preserve developing country purchasing power, mentioning specifically direct and indirect indexation schemes, yet calls only for further study on a priority basis.

Similarly there is no outright commitment to international commodity agreements, to buffer stocks, or to the common fund to finance them, such as have long been sought by the Third World. What is does, however, is to take note of all these things, committing the majority of developed countries to study them sympathetically and urgently. The implicit moral commitment is sufficiently strong for the U.S. to have specifically dissociated itself from what it obviously regards as the beginning of the road to a non-market economy. The U.S. purpose, said Ambassador Myerson, "is not to set world prices nor to manipulate the terms of trade." The U.S., he went on, has agreed to join others in the study of the proposal for the indexing of commodity prices, "but the U.S. has to make it clear that it does not support such a proposal."

There is one rather more specific commitment in the section on the transfer of resources, which, had it not been given, might well have wrecked the entire session. This concerns official development assistance. The Group of 77 developing countries began by demanding a pledge from the industrialised world to devote at least 0.7 per cent. of GNP, net of all reverse flows, to official aid by 1978. In effect, this would amount to a doubling of the aid programme. At first the 77 met solid resistance from nearly every country involved, with the notable exception of Sweden which meets the target already. But in the end, they won a limited commitment to the 0.7 per cent. figure by 1980.

Much of the rest of the section on the transfer of resources represents a similar moral commitment to doing better in the future and to improving existing institutions, such as the World Bank and its associates, by expanding concessional aid facilities.

So what happens next? First it should be remembered that the special session took place with oil prices very much in delegates' minds. The Organisation of Petroleum Exporting Countries (OPEC) is due to meet at ministerial level in Vienna next week and a further price increase is regarded as inevitable, even by the Americans who have spoken out most firmly against it. It will be an interesting test of the new spirit of co-operation and mutual understanding to see how heavy an increase it is, though neither the oil producers nor the rest of the third world may see it this way. The hope among developed countries is that it will be limited to something between 10 and 15 per cent.

Second, the consumer-producer dialogue, which proved so abortive when it opened in Paris last spring is due to resume next month. When the special session was going badly at the week-end, it was widely assumed that the dialogue was doomed. Now it should be possible for it to take up the themes of the special session resolution and to discuss their practical implementation. It has been well prepared.

Third, UNCTAD Four is due to open in Nairobi next May. The idea is that many of the studies called for by the resolution should be completed by then, and on commodities in particular it is not inconceivable that UNCTAD could reach detailed agreements by the end of next year. That at least is the current timetable.

There are some other, more political points. The special session indeed was a political revelation. The unity of the Group of 77 (the name was taken from the first UNCTAD, but the Group now numbers around 100) had to be seen to be believed. There may be disagreements in private, especially between the oil and non-oil producing members, but in public they scarcely ever emerge. The oil weapon is widely admired, even by the poorest countries whose economies have suffered most from it.

Publicly

Again, for all the Marxist language, most of the group is tied firmly to the West, both by tradition and aspiration. The point was made indirectly by the West German Foreign Minister, Herr Hans-Dietrich Genscher, who told the plenary session that the developing countries do about 75 per cent. of their external trade with members of the OECD, 15 to 20 per cent. among themselves, and only about 5 per cent. with the centrally planned economies. The recognition of this fact effectively left China and the Soviet Union outside the negotiations.

By contrast, the European Community has come of age as a trading bloc and a negotiating partner. It arrived having fully done its homework, partly under the influence of Mr. Harold Wilson's commodity initiative at the Commonwealth Prime Ministers' conference last May, and determined to succeed. In all formal negotiating sessions it was represented solely by Italy, as the current president of the Community.

Finally, the special session was a magnificent opportunity for the U.S. to re-establish its claim to world leadership, a claim, Dr. Henry Kissinger was repeating on television while the conference was taking place. It only partly succeeded. No one expected the U.S. to offer so much as in the opening speech on September 1. The session was even more surprised when the U.S. appeared to go even further in submitting a working paper for negotiating purposes a week later. Yet the follow-up was almost calamitous as the U.S. Treasury re-asserted itself and the Americans were reduced to arguing against the positions in their own document. The conference very nearly broke up in extreme bitterness as a result. There is an inconsistency in the conduct of American policy which seems directly attributable to Dr. Kissinger. The European view is that the Americans can still be worked on to drop, or at least to weaken, their reservations, but it will be a hard task and the U.S. is likely to react at any Third World provocation. The implementation of the resolution, indeed, and a new co-operation between north and south still depend a great deal on Washington.

Letters to the Editor

olitical levy r all

the President, People and ian Association.

All three major political s, it is claimed, are suffer- n acute financial crisis. this rather indicates their f support. Certainly the mentary legislation en- d to bolster up the out- political policies of the parties by allocating vast of public money to them d be opposed by anyone who calls himself half a demo- The maxim is, if you can- urvive under your policy, luck. Indeed such imperti- bureaucratic legislation penalise not only the small s, but the individual. *ple who wish to preserve* asic freedoms should pro- once to their MPs against res which would make us paid up trade union mem- We have written to Mr. d Short saying that, in the of such legislation, we shall e the right to opt out of litical levy. We also ask: about exemptions where litical bodies are con- such as Lutherans and h's Witnesses? is a further example of n Alice in Wonderland tion which so often proves tious and unworkable.
ercy-Davis.
ssways, Gidea Park, rd, Essex.

ass roots inion

Mr. F. Stark.

—Subsidies to political should be resisted by all ave the good of democracy rt. dependence on party 's for fund raising would party leaders and activists nore remote from, and in- nt to, grass roots opinion ey are at present. Those g to, and attaining, leader- oth nationally and locally, be virtually in a position of rship so far as party s were concerned. It is t enough now to get real roots opinion filtered h to the top; it often es both coloured and bent sometimes not very re- tative personal opinions of arty officers. It would be ible if the leadership were ally independent of the ership. Also, many mem- would feel it no longer ary to work for their party e opinion forming base become even narrower t is now, to the detriment ocracy. , of course, one does not much foresight to see that oney allotted would soon to be seen as inadequate, demands for its increase ; yet more involuntary s to the taxpayer.
rk.
nds, 176, Southend Road, rd, Essex.

sh bids, ease

Mr. W. F. Richardson.

—Some 12 years ago, I into possession of shares, worth £45, in a quoted ny. By early 1969, their had fallen to about £32 g been as low as £8, a few s earlier). At this point, was a takeover by another ny, the terms including a payment of £9 with the e met by shares in the ny taking over. The t value of these is £4. This g I have received a cheque for 5p, being the dividend due.

I am now in the absurd situation of being the recipient of a dividend which costs several times its worth to dispatch, the postage alone being more than the net value of the payment. Having it paid through a bank, would not solve the problem of expense but only mitigate it. And if dividend payments are made through a bank, any error may not come to light for some time with the consequent difficulties.

There must be a great many people who, a decade or so ago, purchased £50 or £100-worth of shares when the cost of so doing was little more than a couple of pounds, could have sold them for a pound or so, but now find themselves in a position in which the cost of selling is unlikely to be less than 5 per cent. and may well turn out to be 20 per cent. or 25 per cent. of the value of the shares, or even more.

The takeover of one company by another has often contributed to causing this situation. A shareholder with a small holding is offered cash plus shares, or loan stock plus shares. And a later, second, takeover often makes the situation worse.

May I suggest that consideration be given to the possibility of shareholders whose holding is worth less than £100 being offered cash when a bid is made? Alternatively, cash could be offered to all shareholders for the first £100 of shares (at the bidder's valuation), with shareholders whose holding was valued at less than £200 being offered cash for the whole of their holding.

I realise that there are legal difficulties, but these are not insurmountable. If arrangements on these lines could be made, it would reduce the number of small shareholdings, which would save the company money in distributing minute dividends and it would give something to the shareholder who has seen the cost of disposing of his shares escalate, while their value, real and nominal, may have fallen.
W. F. Richardson.
34, Queen's Drive, Fulwood, Preston, Lancs.

Production education

From Professor P. G. Moore, London Graduate School of Business Studies.

Sir,—Business schools have been upbraided by industry for some time for not turning out enough Masters graduates interested in production and operations. This has been due, not so much to lack of emphasis on these subject areas in business schools, but because the interests of the students are commonly directed to moving out of such areas for reasons that are both tangible (financial rewards) and intangible (status, location, working conditions, promotion prospects etc.).

It is, however, disturbing to realise how little industry values its own production staff, who control probably some 75 per cent. of expenditure, in terms of further education and development. All are agreed that there is much that can be done in the production area to improve effectiveness, and the results achieved in the three day week of February 1974 demonstrated this well. New and exciting production methods have been developed in recent years and often modest investment of an improvement nature in this area can yield very high rates of return indeed.

Yet we find the paradox that, in times of boom production managers cannot be spared, whilst in times of recession such education cannot be afforded. Surely, as the pendulum of economic activity must swing, this is the moment at which a concerted drive for increased production and operational efficiency should be launched. Production can then be put on a proper footing with other functional areas where the need for up to date high-level education is well accepted.
P. G. Moore.
Sussex Place, Regent's Park, London, N.W.1.

Jobs for school leavers

From Mr. B. Bayliss

Sir,—In answer to Mr. D. F. Smith (September 9) of course we pay considerably more than £6.83 per week. The only trouble is that no young people seem to bother to find out how much. We advertised in Sheffield on June 28 for a school leaver and for a salesman—and we had no replies to either advert.
Brian Bayliss.
Crawford Wells.
25, Darlington Street, Wolverhampton.

Eurodollar paper

From Mr. R. J. Currer.

Sir,—As an individual directly involved with the servicing of Eurodollar bond paper I feel that the time has come to dispense an antidote to the hangover surrounding this incongruous area.

Inter alia there appears to be no mantle covering the size or shape of the Eurodollar bond paper; an individual is expected to cut coupons, either by hand or machine, producing as a result yards of paper of enormously varying size.

I feel that a body should be appointed to adjudicate some type of conformity in this sphere, not only to determine standardisation but also the quality of paper to be used.

To take the position one stage further, in an age where institutions are the prime investors and take large tranches of issues, I would have thought that some form of partial registration could be introduced.

Again, how many investors have lying fallow with their international depositories yards of paper gathering dust? I feel they must be considerable. The amount of energy expended together with the economics of servicing such paper, I am sure, could be radically reduced if a fresh approach to this problem were made.
R. J. Currer.
154, Tomswood Hill, Barkingside, Ilford, Essex.

Value of a billion

From the Managing Director, Quantum Science.

Sir,—The abbreviation "bn." has crept into your pages. An English billion is, and always has been 10^{12} yet from the context it is sometimes possible to work out that you intend "bn." to mean 10^9. Judging from the present state of the Western world it is, of course, entirely possible that your purely financial readers do not know the difference and would not understand it if they did.

However, there are among your readers those of us with oily fingers who read the Technical Page first. We have to take our calculations a little more seriously as a mistake may easily lead to someone's death. We have prefixes for multiples which vary neither from language to language nor unit to unit. Kilo- always means 10^9 units, Mega- always means 10^{12} and Giga always 10^{15}. (BS 3763 1970 Table 6—Symbols and Prefixes for International Units.)

For at least the past 15 years technical people have discussed salaries in terms of so many "K" (that is, kilo pounds or thousands of pounds). During the same period the "Megabuck" has become a convenient shorthand term for 1,000,000 U.S. dollars. Is it not time that currencies were brought into line with all other units of measurement, using the same internationally agreed prefixes?
Ray Jenkins.
27, George's Road, Cheltenham.

Language for Europe

From Mr. A. D. Denton.

Sir,—With reference to the letter from Mr. F. M. Easton (September 8), Esperanto is useless as an international language, as it is so highly inflected for parts of speech—which is nowadays regarded as superfluous.

For example, we can use "bus" as a noun, verb or adjective, as in "a red bus," "to bus to work" or "bus-conductor," or even as an adverb in a "bus-shaped" boat.

Any existing language arouses too many international jealousies, and in any case is too full of irregularities, of form, of spelling, or of pronunciation, or of meaning.

This has been overcome in the language, "Euro-lenga" in which the author has eliminated all sounds which any European finds difficult to say, e.g. the Scottish guttural "loch," the English aspirated "Which," or the French nasal "moins." he asserts that anybody who learns it, can be understood in any European country.

If the Russian old Greek letters are converted separately into modern Roman letters, Russian becomes quite simple, for example, "eta mea sputnik"—"that is my wife."

Could not the EEC develop and introduce this new language for European use, introducing a vocabulary for tourism, for example, where is — excuse me, please, thank you, please say again, please speak slowly, what place did you want, etc., in one year; a restaurant and food vocabulary in two years; a counting and pricing vocabulary in three years, and so on?

Any Russians who cared to learn the conversion from Russian characters to Roman, could rapidly learn it; so could every other national in Europe, including Greeks, whose children learn the Roman alphabet anyway, and those who speak Arabian should have no difficulty.

All that is needed is the will and the means.
A. D. Denton.
The Cottage, 37 Downs Avenue, Pinner Middlesex.

Esperanto's virtue

From Mr. H. S. Chapman:

Sir,—I agree with Mr. F. M. Easton (September 8) that Esperanto has a good case for being taken more seriously. However, the main objection to any national language's becoming international is not connected with its lack of ease.

The imposition of a single national language as the language of the world—officially or semi-officially—would lead to hegemony of one culture and, through it, to the hegemony of one nation.

Each national or ethnic language is closely tied up with the community which speaks it; learning a foreign language involves more than gluing new labels on to old concepts.

Esperanto does not belong to any one nation or State. This neutrality is its main virtue.
H. S. Chapman
7, Fairacre Road, Barwell, Leicester.

To-day's Events

GENERAL
United Nations General Assembly, New York.
Ulster Convention, Stormont.
Prime Minister continues visit to Romania.
Mrs. Margaret Thatcher, Opposition leader, continues visit to U.S.
Liberal Party Assembly, Scarborough.
CBI council meets, London.
Lord George-Brown speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.
Mr. Fred Peart, Minister of Agriculture, continues visit to Japan.
Civil Aviation Authority ends two-day public hearing into applications by 12 domestic airlines for fare increases, London.

OFFICIAL STATISTICS
Basic rates of wages and normal weekly hours (end-August).
Monthly index of average earnings (July).

EXHIBITIONS
Automatic Testing Exhibition and Conference, Bloomsbury Centre Hotel, W.C.1.
Dust Control and Air Cleaning Exhibition, Olympia.
Foodpack International Exhibition, Earls Court.
Filtration and Separation Exhibition, Olympia.
Offshore Europe '75 Exhibition and Conference, Aberdeen.

COMPANY RESULTS
BSR (half-year).
Clarke Chapman (half-year).
Eagle Star Insurance (half-year).
Alexander Howden Group (half-year).
Lex Service Group (half-year).
News International (half-year).
Rio Tinto-Zinc Corporation (half-year).
Thomas Tilling (half-year).

COMPANY MEETINGS
Alliance Alders Paper and Packaging, Piccadilly Hotel, W., 12.30.
Associated Tooling Industries, Winchester House, E.C., 12.
Elliott (B.), BEC House, Victoria Road, N.W.10.
Group Investors, 2, St. Mary Axe, E.C., 2.30.
Howden Group, Glasgow, 12.
Jermyn Investment, 6, Agar Street, W.C., 12.
London Electrical and General Trust, 32, St. Mary at Hill, E.C., 12.
Property Security Investment Trust, Great Eastern Hotel, E.C., 12.15.
Richardsons Westgarth, Wallsend, Tyne and Wear, 10.
Smith Wallis, Birmingham, 12.
Union International, Winchester House, E.C., 12.15.

COMPANY NEWS + COMMENT

Bank of Scotland £7.42m. in first half

FROM A REDUCED operating profit of £9.36m., against £11.07m., first half (to August 31, 1975) pre-tax profit of Bank of Scotland increased slightly from £7.32m. to £7.42m.

For the year to February 28, 1975 operating profit was £22.37m. and the pre-tax figure £13.98m.

The interim dividend is stepped up from 4.15p to 4.43p net per £1 share approximately half the permitted total for the year. Last year's total was 8.31p.

	Half year 1975 £000	1974 £000
Operating profit	9,355	11,072
Additional pension prov.	1,000	3,250
Debts provision	1,000	500
Share associates	78	—
Pre-tax profit	7,416	7,322
Taxation	3,856	3,807
Extra-ord. credits	43	*145
Retained	2,176	2,062

* Debit.

The operating profit is struck after charging the much higher level of contributions considered appropriate by consultant actuaries in respect of the new staff pension fund, which it is confidently expected will be inaugurated during the current year.

Over and above these contributions, having regard to extreme inflationary conditions which continue to prevail, the directors considered it prudent to set aside an additional £1m. pension provision.

After this deduction, the resultant figure of £8,358,000 shows a 6.8 per cent. increase on the adjusted figure for last year—largely due to improved results from subsidiaries.

As a matter of prudence, in the light of the present economic climate, it is considered right to make an additional provision for possible bad and doubtful debts and the £1m. is set aside in this way over and above amounts provided for specific cases.

During the half year, costs rose against a background of lower interest rates and slack demand for advances. The uncertainties which lie ahead make it difficult to forecast the outcome for the full year, the directors add.

● comment

Pension provisions again make it hard to disentangle the underlying trend at Bank of Scotland, but bearing in mind that operating profits have borne much higher pension contribution levels this half-year the group's profits seem to have held up well. Thus pre-tax profits are somewhat higher than in either half-year of 1974-75. Higher earnings at North West Securities and at Bank of Scotland Finance apparently account for the improvement. But the clearing bank has tended to decline, and it is hard to get very enthusiastic about second-half prospects, for loan demand appears to be no more buoyant in Scotland than elsewhere in the U.K. With a yield of 5.4 per cent. prospectively the shares are closely in line with the sector average for income, though cover remains less handsome than for the English clearers.

Thos. Jourdan

Primarily due to a dearth of orders in West Midlands subsidiaries, the Thomas Jourdan group has incurred a loss of £59,000 in the first half of 1975, against a comparable £145,000 profit.

No interim dividend is being paid, compared with 1.005p. Total for 1974 was 1.33p from profits of £180,000.

For the current half of 1975 the directors believe that results will show "quite an improvement." The future looks brighter than figures for the first six months suggest, they state.

	Half year 1975 £000	1974 £000
Turnover	1,459	1,277
Royalties profit	85	77
Trading subs. loss	31	*123
Interest paid	63	37
Loss before tax	59	*145
Tax credit	30	†75
Net loss	29	*70

* Profit. † Charge.

Group activities cover the manufacture of steel lighting columns and traffic signposts, special purpose machines, materials handling equipment, portable floodlighting equipment, and the holding of Mary Quant royalty contracts.

Interim cut by British Mohair

REFLECTING the difficult trading situation of the textile industry first half taxable profits of British Mohair Spinners have slumped from £574,600 to £171,900 with the balance attributable to the Ordinary down from £262,100 to £71,900.

The net interim dividend is 0.65p per 25p share, representing a cut in the gross equivalent from 7 per cent. to 4 per cent. The 1974 gross total was 13.56 per cent.—2.2715p net—paid on taxable profits more than halved compared with 1973, of £820,845.

Chairman, Mr. T. W. Hibbert explains that because of higher wages and the admittance of cheap clothing imports, the group's costs have escalated sharply—wages rose 32 per cent. in the last 12 months—and home demand has fallen.

However, exports at 40 per cent. of turnover have been maintained and the present demand is encouraging, he says.

Mr. Hibbert warns that no measures have been proposed by the Government which would lead to a prediction of greater prosperity for the industry, and says it is inappropriate to forecast the year's results.

	Half year 1975 £	1974 £
Group turnover	6,326,600	6,581,100
Profit	197,600	613,700
Int. payable less rec.	25,700	39,100
Profit before tax	171,900	574,600
Estimated tax	90,300	301,100
Net profit	81,600	273,500
Extra-ord. credits	1,700	—
Pref. dividends	11,400	11,400
Attributable Ord.	71,900	262,100

● comment

The 70 per cent. drop in the British Mohair Spinners' first half profits comes as no surprise given the depressed state of the U.K. textile industry, but it is still disappointing that the group has no immediate prospects of improvement. Demand in the U.K. has remained very low and export markets which, earlier in the year, were generally reckoned to be a fairly safe growth area for BMS, are now static. Borrowings have increased since the 1974 year-end when they totalled £763,609 net, compared with shareholders' funds of £5.8m., but they are still not excessive and the group is continuing with its extensive re-equipment programme which should begin to pay off in lower production costs about the middle of 1976. However, there has so far been nothing to suggest that the second half of the current year will be any more profitable than the first and on a prospective yield of 10.9 per cent. (doubling up the interim) the shares at 19p could drift lower on lack of interest.

Statement Page 35

H. Samuel passes £2m. halfway

IN THE six months ended July 31, 1975 jewellers and silversmiths H. Samuel has advanced its profit £372,000 to £2.1m.

And the directors are hopeful that the full year will again be satisfactory. The 1974-75 year profit had risen £2.38m. to £6.62m.

Both gross and net profit margins are well within the group's reference levels, and no part of the £875,000 provision brought forward from last year has been credited in the figures.

	First half 1975 £000	1974 £000
Trading profit	1,584	1,437
Invest. income	519	294
Profit before tax	2,103	1,731
Taxation	1,146	900
Extra-ord. credit	65	—
Net profit	1,022	831

As usual the interim dividend will be declared in February. Last year the payment was 0.875p, followed by a final of 6.375p and a one-for-two scrip in "A" shares.

● comment

H. Samuel's pre-tax profits advance of a fifth takes in the boost of the pre-VAT boom sales period, but the company believes that the change only caused a bunching of trade which would have fallen into the first half anyway. To a certain extent, physical growth, of perhaps eight-10 outlets, must account for the improvement, yet considering the pressures which seem likely to fall on consumer spending power this winter it is hard to believe that the group can keep making headway. Whatever the consumer's belief that jewellery represents a hedge against inflation, the marriage/engagement business counts for a fair proportion of turnover and one which is undented by recession: even though the shares are only a tenth off the year's high at 104p they are capable of holding this rating in view of the industry's resistance to economic downturns.

Barton £1.44m. midway

ENGINEERS AND tubing manufacturers, Barton and Sons reports first half 1975 pre-tax profit of £1,442,000. This compares with £1,368,000 for the corresponding period of 1974 which was struck after deducting a £230,000 pension scheme funding payment.

Stated earnings per 25p share increased from 4.53p to 4.92p. A same again interim dividend of 1p net is declared—last year's total was 2.4931p.

The chairman, Mr. C. Roper says the current industrial climate does not engender confidence that the second half will equal the first.

He repeats the May forecast that 1975 could be another satisfactory year although it may not reach the 1974 profits figure—£2.84m.

The tube division as a whole suffered a reduction in profits, structural and welded fabrications achieved a "very significant" increase in sales which resulted in improved profits while general engineering profits were slightly up on the 1974 average.

	Half year June 1975 £000	June 1974 £000	Dec. 1974 £000
U.K. turnover	10,786	[illegible]	9,441
Overseas	4,820	4,276	4,084
Total turnover	15,606	12,612	13,525
U.K. profit	749	585	704
Overseas	693	783	763
Total profit*	1,442	1,368	1,467
Taxation	690	675	729
Net profit	752	693	738
Pref. dividends	7	7	7
Ordinary divs.	151	151	276
Balance	594	535	505

* After interest payable £160,000 (£127,000 and £133,000), depreciation £263,000 (£240,000 and £256,000), pension scheme funding payment nil (£230,000 and nil).

Between December, 1974, and June, 1975, stock and work in progress increased by £1,536,000 and bank borrowing by £1,456,000. The increase in stocks is more than proportionate to the increase in sales, the excess being accounted for by heavier than usual steel stocks being carried at June. Bank borrowing facilities are well in excess of current usage, says Mr. Roper.

● comment

A 28 per cent. rise in Barton's U.K. profits, thanks to favourable contract completions in its structural steel division and an element of stock profits, has offset the effects of a sharp downturn in Canadian tube demand, which lies behind a fall of 11½ per cent. in overseas profits, to leave pre-tax profits 5 per cent. ahead. However, adding back last year's pension provision reveals a fall in profits of over a tenth. A jump of 63 per cent. in bank borrowings to £3.8m. since the beginning of the year is a result of stock offloading by South Africa's sole steel supplier, ISCOR: this situation should be back on an even keel by the end of the year and some recovery is expected in Canada by the final quarter. U.K. profits are likely to go into reverse in the second half on thinner order books and last year's £½m. of overall stock profits will be much reduced. But if the outlook for profits is unremarkable, the shares at 36p are well supported by a yield of 10.6 per cent. covered more than twice by interim earnings.

Statement Page 34

New Barclays offshore trust

Barclays Unicorn International (Channel Islands) is launching a new unit trust, Unidollar Trust, designed specially for the international investor. The shares are in bearer form, the denomination being in U.S. dollars, the first of Barclays Unicorn's trusts to be in a currency other than sterling.

The aim is long-term capital growth combined with a reasonable level of income. The managers intend to pursue a flexible investment policy and will be free to invest on a worldwide basis. Initially, a substantial part of the portfolio will be in the U.S.

Shares are on offer at $US10 until October 7, yielding an estimated 5 per cent. gross. The minimum investment is 100 shares ($1,000), with a discount of 2 per cent. for investments of $25,000 and 2½ per cent. for amounts of at least $250,000.

Initial service charge is 50 cents per share (included in the offer price) with an annual management fee of 1 per cent. on the capital value of the portfolio. A share exchange scheme is available to people outside the U.K. Investors in this country can only purchase shares through the currency premium.

The trustee is Barclaytrust International and Barclays Bank Trust is the investment adviser.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bank of Scotland	int.	4.43	Nov. 10	4.15	—	8.31
Barton and Sons	int.	1.0	—	1.0	—	2.49
BICC	int.	2.25	Jan. 2	2.25	—	6.61
British Mohair	int.	0.65	Oct. 31	1.17	—	2.27
Bury and Masco	int.	1.24	Jan. 9	1.24	—	3.85
Matthew Clark		2.97	—	2.73	4.27	4.03
Cohen (Electrical)	int.	1.28	Nov. 17	1.05	—	3.49
Croydex	int.	1.35	Nov. 11	1.26	—	2.48
F and C Eurotrust		0.5	Oct. 21	0.3	0.5	0.3
A. Gallenkamp		2.36	Nov. 15	2.22	4.14	3.88
Grindlays Holdings	int.	nil	—	1.68	—	1.68
IDC Group	int.	1.98	Oct. 31	1.85	—	7.12
Thos. Jourdan	int.	nil	—	1.0	—	1.33
Law Land	int.	1†	Nov. 7	0.95	—	2.08
Minty	int.	1	Oct. 17	1	—	1
Ricardo		3.44	—	3.11	5.32	4.99
Silvermines	int.	1.5(b)	—	2.5	—	4.0
Stone-Platt	int.	1.61	Jan. 2	1.43	—	2.76
Wadham Stringer	int.	0.8(a)	Nov. 28	0.8	—	1.8
J. Walker Goldsmith		0.86	Nov. 1	0.93	1.76	1.67
James Wilkes	int.	1.39	Oct. 31	1.39	—	3.45

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) Tax free.

A complete revaluation of all properties at March 31, 1975 revealed a surplus in excess of £2m. over the previous book value which is incorporated in the accounts.

Confidence at Wagon Industrial

IN HIS annual statement, the chairman of Wagon Industrial Holdings, Mr. C. Leslie Smith says the group is currently under pressure in one or two divisions to meet targets. However, with the wide range of activities, and assuming the economic situation does not worsen, he believes current year results will be satisfactory.

Capital projects referred to last year have been proceeded with, and some are completed. The overdraft has been reduced—by more than 50 per cent. from the year end level of £1.79m.—by stringent stock purchase controls and the benefit of a advantageous payment terms on export business. This improvement should be maintained, adds the chairman.

As reported on August 8, turnover expanded from £17.81m. to £23.42m. in the year to March 31, 1975, and taxable profits advanced from £1.71m. to £2.24m. The dividend is 7.591p (7.155p) net and a one-for-three scrip issue is proposed.

An analysis of turnover and profit shows, in percentages, material handling and storage division 65 and 59; transport services division 32 and 35; and general engineering division 3 and 12. Exports were valued at £4.28m. (£2.3m.).

Wadham Stringer pick up

MOTOR DEALERS, etc., Wadham Stringer is fairly confident that 1975 will be another successful year.

In the first half, profits have recovered to £1.06m., against £0.9m. in the comparable period; and to date in the current six months figures continue to exceed those of 1974. Profits for the whole of that year come to £1.72m., a near £200,000 drop on 1973.

All divisions had a busy six months. Although new vehicle sales declined by about 12 per cent. this was more than compensated for by increased sales of used vehicles. The marine business has a large outstanding export order situation which will keep it busy for the rest of the year.

Turnover rose £8.6m. to £37m. After tax £551,000 (£472,000) and minorities £16,000 (£11,000), net attributable profit came out at £492,000 (£420,000).

The interim dividend is held at 0.8p gross per 10p share; the 1974 final was 1p.

● comment

A strong used car market to offset the slump in new car sales has been the theme of motor distributors' results of late. Certainly this is the case at Wadham Stringer where first half profits are 17 per cent. higher on a 30 per cent. sales gain; new car sales were some 12 per cent. lower but strong demand and better margins were seen in used cars. The trading pattern has continued into the second half and and Wadham has geared up accordingly. The switch of emphasis to used cars has meant considerably higher stocks and borrowing to finance this is reflected in a 47 per cent. jump in first half interest charges. Higher stock levels will of course mean that demand projections need to be right. In the meantime any increase in the share price may be restricted by a below average yield of 9.5 per cent. at 19½p.

£9.5m. net loss for Grindlays

AN ATTRIBUTABLE net loss of £9.53m. is reported by Grindlays Holdings Group for the first half of 1975, compared with a £1.3m. profit previously.

There is no interim dividend, compared with 1.6875p (and the only payment) for 1974.

The half-year is dominated by further substantial provisions of nearly £12m. against Brandts property advances in the U.K. and overseas. In addition, there is a further diminution in the value of Brandts investments amounting to about £0.7m. Total loss applicable to the Brandts sub-group is £13.7m. before tax, and £15.3m. after tax and minorities.

In 1974 there was a substantial increase in general provisions for advances held in the accounts of Brandts and Grindlays. It has been decided to make a further addition to the general provision within the Group of £6.5m., having particularly in mind the advances within Brandts.

	Halfyear 1975 £000	1974 £000	Year 1974 £000
Group loss	4,373	*5,259	*1,154
Associates profit	349	434	775
General provision	6,500	—	5,900
Group tax	5,111	3,382	2,442
Associates tax	217	195	363
Minority	6,321	807	3,952
Attributable loss	9,531	*1,299	5,964
Dividend	—	574	574
Retd. profits rdctn.	9,531	†725	6,538
Earnings	‡28.0p	5.8p	‡17.5p

* Profit. † Increase. ‡ Loss.

Net loss attributable to members of Grindlays Bank for the half-year was £15.93m., against a profit of £2.04m., as shown in the table.

	Half year 1975 £000	1975 £000	Year 1974 £000
Group loss	4,429	*5,227	*973
Associates profit	582	757	1,291
General provision	6,500	—	8,900
Loss before tax	10,347	*5,984	6,636
Group tax	5,054	3,349	2,295
Associates tax	162	326	838
Minority	140	264	229
Attributable loss	15,933	*2,045	9,498
Dividend	—	838	838
Retd. profits rdctn.	15,933	†1,207	10,336

* Profit. † Increase.

See also Page 1

£2.76m. by Walker Goldsmith

ON A TURNOVER up from £9.64m. to £13.37m., group pre-tax profit of James Walker Goldsmith and Silversmith increased from £2.29m. to £2.76m. for the year to April 30, 1975, after £1.05m., against £0.79m., for the first half.

Stated earnings per 25p share for the year increased from 6.545p to 8.257p and the dividend is raised from 1.674p to 1.7616p net with a final of 0.8616p.

	1974-75 £	1973-74 £
Turnover	13,366,455	9,640,299
Depreciation	128,293	114,707
Pre-tax profit	2,764,486	2,282,649
Taxation	1,450,150	1,212,714
Net profit	1,314,336	1,069,935
Extraordinary credit*	61,719	—
Ord. div.	129,358	122,964
Div. non-voting	138,606	146,904
Retained	1,108,061	800,067

* Final dividend 1974 not paid to holders receiving shares instead of cash.

● comment

Taking in record Christmas profits and the pre-VAT boom in jewellery spending, James Walker's rise of 15 per cent. in pre-tax profits on a sales increase of 42 per cent. is the sort of figure the market was going for and the shares rose 2p to 40p yesterday. The main concern with the luxury spending sector is how well it can stand up to any pressures on spending this winter, al… historically the industry … come out badly from an e… rough patch and the publ… still believe in the idea o… lery offering a hedge aga… flation. Even if the … were to find themselves … on the wedding/engageme… for their mainstay, this is… ness sufficient to keep the… ing their own.

M. Clark well off target

AGAINST A forecast of £0.9m., group pre-tax p… wine and spirit shipp… merchants, Matthew Cl… Sons (Holdings), decreas… £1.69m. to £0.76m. in the … April 30, 1975. Turno… from £21.12m to £17.2… higher duty of £11.81m., … £9.85m.

Current year sales are … by value and volume, an… ability of all major prod… improved, the directors … usual, the final result de… the Christmas trade.

Stated earnings per 2… dropped from 16.4p to … final dividend of 2.97p … net total from 4.025… maximum permitted 4.27…

● comment

When forecasting £900,000 … year at the interim stag… months) Matthew Clark h… account of such factors a… ficant drop in cogn… volume and depressed m… British wines, but the … is still some 16 per cent … mark. The unexpected … has been a late fall in … for table wines; losses … fact incurred here whi… write-downs of £56,000 w… against Bordeaux wine … picture for the new finan… has so far, however, be… what brighter. There i… a positive contribution fr… wines, while cognac sales … ahead, and there has … improvement in the pr… in British wines now … raw materials position i… These are early days, tho… trade may well have bee… ahead of price increases… real test of the strength … sumer demand will com… late autumn. Still, the … to increase the dividend … maximum permissible … confidence on the compa… and this should be ref… the share price at 45p w… yield is 13.6 per cent.

F & C Eurotrust

After reduced ma… expenses, and interest … compared with £263,200 … profits of F & C Euro… from £82,700 to £92,70… year to June 30, 1975.

After lower tax of … (£67,100) earnings are … be up from 0.21p to 0.72… share, and the dividend … from 0.3p to 0.5p net.

Net asset value is give… against 47p per share.

ISSUE NEWS

Short Term Local Loans

This week's issues of local authority one year bonds at 11¼ per cent. are redeemable on September 22, 1976 at a price of £100 per cent. The issues are: City of Bath (£½m.), London Borough of Brent (£½m.), Birmingham District Council (£3m.), Borough of Chesterfield (£½m.), Borough of Bournemouth (£½m.), Cambridge City Council (£½m.), Newbury City Council (£½m.), City of Newcastle-upon-Tyne (£1m.), Northamptonshire County Council (£½m.), Preston Borough Council (£½m.), Borough of Sunderland (£1m.), Metropolitan Borough of Wigan (£½m.), Aylesbury Vale District Council (£½m.), East Lothian District Council (£½m.), Islwyn Borough Council (£½m.), Medina Borough Council (£½m.), Northavon District Council (£½m.), Kensington and Chelsea (£1½m.), St. Edmundsbury Borough Council (£1m.), Castle Point District Council (£½m.), Orkney Islands Council (£½m.), Borough of Rossendale (£½m.), Mole Valley District Council (£½m.), London Borough of Ealing (£1m.), London Borough of Hillingdon (£1m.).

CHARTER CONSLD.

Holders of £2,571 of the Charter Consolidated 5 per cent. convertible unsecured loan stock 1984 exercised their right to convert between August 16 and September 15, 1975 into fully paid registered shares of 25p at 24 shares for every £100 stock. The amount of loan stock outstanding is now £2,357,266.

DIXONS—94.5%

In response to the Dixons Photographic rights issue of 3,037,184 Ordinary and "A" Ordinary shares of 10p at 27p, acceptances have been received in respect of 2,869,212 shares—94.5 per cent. The balance has been sold in the market at a premium and net proceeds will be distributed to entitled shareholders except that no payment will be made for less than £1.

TOBENOIL

Tobenoil announces that the period of renunciation of the new capitalisation shares has been extended—last date for splitting will be October 29 and for registration of renunciation October 31.

WOODHOUSE—93.49%

Acceptances were received in respect of the rights issue by Woodhouse and Rixson for 4,375,573 (93.49 per cent.) shares. The remainder were sold for 24p each—net proceeds will be distributed pro rata among provisional allottees who have not taken up their rights except that no payment of less than £1 will be made.

LADBROKE WARRANTS

Ladbroke Group's warrant holders have approved the modification of rights attached to subscription warrants. Of the votes cast over 87 per cent. were in favour of the resolution, and the proposal to make a one-for-one rights issue at par can now proceed. It is intended to convene meetings of shareholders and warrant holders in October when the proposals to modernise the subscription warrant conditions will be submitted.

INTERIM STATEMENT

Croydex

INTERIM STATEMENT

For the Half Year to 30th June, 1975

I referred in my last annual review to the recession in world trade which made it difficult to forecast the future with any degree of certainty but we were confident some progress would be made. It is therefore gratifying to be able to report highly satisfactory half-year results. The Board is confident of further progress for the rest of 1975.

The Directors have declared an Interim Dividend of 1.35135p per ordinary share, which, with the related tax credit, amounts to 2.079p per share against 1.89p last year. The dividend will be paid on the 11th November 1975 to members on the register on the 10th October 1975.

UNAUDITED HALF YEAR'S RESULTS

	30th June 1975 £	30th June 1974 £
Turnover	2,260,674	1,980,669
Profit before Taxation	301,582	239,939
Less Corporation Tax	157,000	125,000
Profit after Taxation	144,582	114,939
Interim Dividend	29,265	27,423
Equivalent Gross Dividend	45,023	40,930

G. A. HAMMOND, Chairman.

THE CROYDEX COMPANY LIMITED
Walworth Industrial Estate, Andover, Hants.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Helical Bar Ltd.	London SW9	£72.848	3. 5.75
Singlo Holdings Ltd.	London WC1	£48.384	31. 3.75
Empire Plantations and Investments Ltd.	London WC1	£59.220	31. 3.75
The Investment Co Ltd.	New Malden	£82.346	31. 3.75
Wilson Bros Ltd.	Hayes	£88.609	31. 3.75
Suter Electrical Ltd.	Nelson	£25.289	31. 3.75
Ayer Hitam Tin Dredging Ltd.	London EC4	£1.220.000	30. 6.75
Fox's Biscuits Ltd.	Batley	£65.875	24. 5.75
Abwood Machine Tools Ltd.	Dartford	£5.231	31. 3.75

Published by the Treasury as required by the above Act

INTERIM STATEMEN

The IDC Group Limit
the international designers and constructors

INTERIM STATEMENT OF THE CHAIRMA MR. HOWARD HICKS

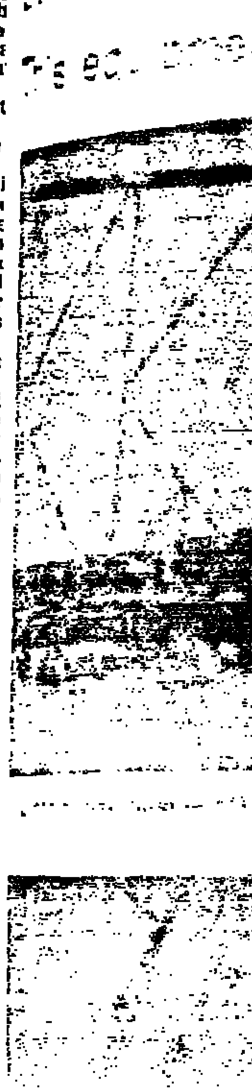
The unaudited profits for the half year ended 30th April before charging corporation tax, amounted to £406,238 £365,534).

When I made my annual statement with the accounts for I stated that the results for 1975 should be at the same level as and I am pleased to be able to confirm this.

Capital investments in the U.K., the major source of our tu has for some years been very poor, compared with other ind countries. In the industrial sector in Britain it has now reach abysmally low level. In spite of the trend we have recently firmed large contracts, but due to the present political vacil and the economic climate it is impossible to make a cogent fo for future years. Nevertheless we believe we will continue better than average.

Your Directors have declared an interim dividend of 9.88% 9.26%) in respect of the year ending 31st October, 1975 dividend will be paid on 31st October, 1975. My Wife continue to waive dividends due to us.

	Half Year 30th April, 1975 £	Half 30th 19 £
Turnover	12,541,446	9,378
Profit before Tax	406,238	365
Taxation Provided	225,699	184
Profit after Tax	180,539	180
Interim dividend declared	9.88%	9.2
Amount absorbed by this dividend	£33,386	£30.



SOR
REA
HYDROMECH
STATIONS •
EQUIPMENT

Maybrook Properties Limited

199 Piccadilly, London W1V 0JJ

Year to 25th March	1973 £'000	1974 £'000	1975 £'000
Gross Revenue	796	824	708
Net Profit attributable to shareholders	251	257	376*
Net Assets	4,548	4,862	4,436
Dividend per share	2.205p	2.216p	2.216p
Net Assets per share	110p	118p	108p

*Including transfer from Capital Reserve of a realised Capital Surplus of £162,000.

Projects completed during the year were in the U.K. £2.9m. and Belgium £3.73m. One project is under construction in Manchester costing £2.5m. and one in Brussels, Belgium £3.07m.

High interest charges on development sites, lower dealing profits and the writing down of the values of certain sites have affected the year's results. Lettings and sales here and in Belgium now being negotiated should lead to better results in the current year.

The above points are from the Statement of the Chairman, Mr. Luke E. Manousso, B.Sc., F.R.I.C.S.

RATNERS Jewellers of Repute

Another Record Year

Extracts from the Chairman's statement—year ended 6th April 1975

- ★ Pre-tax trading profit £1,080,530 (£900,064) - fifth consecutive record year
- ★ Sales £6,639,735 (£4,606,482)
- ★ Retail sales well ahead in the current year
- ★ Twelve new branches opened - further ten acquired
- ★ Earnings per 10p share: 23.2p (19.6p)
- ★ One for one bonus issue

85 branches throughout the UK

هكذا من الأصل

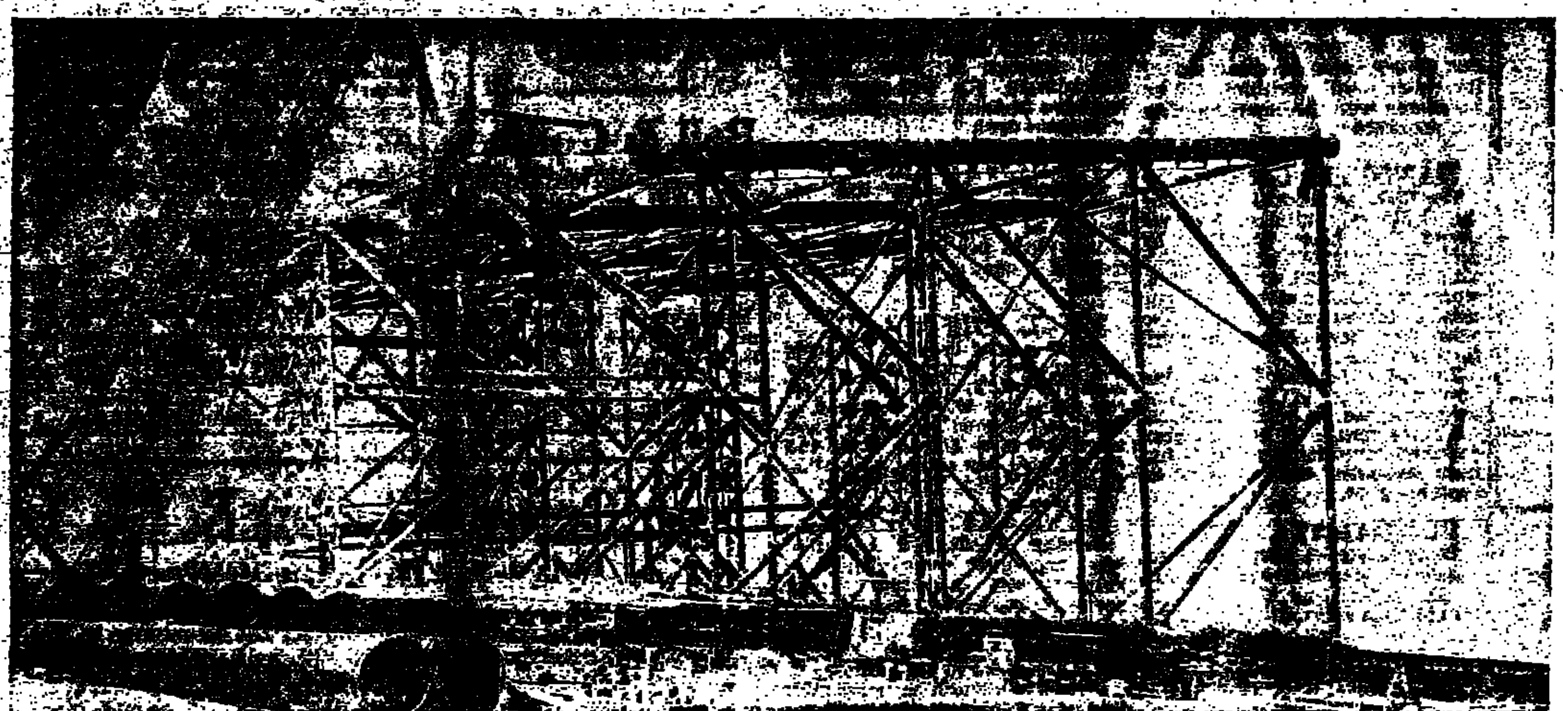
SOREFAME - OFFSHORE DIVISION

SOREFAME'S TECHNOLOGY REACHES THE NORTH SEA

Through **Thyssen-Rheinstahl Technik, Gmb,** (Germany), Sorefame, in their offshore yard in Lisbon, have built for **Phillips Petroleum, Co.,** a 6000 ton Jacket and Piling, the Module Support Structure, a Flare Tripod and the connecting Bridge.
This equipment is being installed in the North Sea — TOR Field.

Lifting of first panel — MAY 25, 1975

Lifting of fourth and last panel — JULY 22, 1975



Ready to load-out — AUGUST 28, 1975

Sorefame's first production Jacket is now complete.
All the specifications from Phillips and the additional requirements of Det Norske Veritas — the classification society — were met namely on dimensional tolerances and welding requirements.
The following data illustrate the amount of inspection carried out at the yard.

Radiography - 900 shots
less than 2 % gave way to repairs, all of minor importance.
Ultrasonics (419 node sections) — 1800 m, no repairs.
Dye Penetrant - 4062 m
Magnetic Particle - 1300 m

The high quality of the welding achieved is due to the prior training of all welders in the welding school with similar joints and also to the intermediate inspection carried out during welding — in fact welders and NDT personnel worked in close collaboration for prevention rather than cure.

Dimensions of main Jacket
height - app. 76 m
base - app. 73 x 42 m

SOREFAME
SOCIEDADES REUNIDAS DE FABRICAÇÕES METÁLICAS, S.A.R.L.
Telex 12608-16101 SORFAM-P Telephone 97 60 51 Amadora – Portugal

HYDROMECHANICAL EQUIPMENT • ELECTROMECHANICAL EQUIPMENT FOR POWER STATIONS • EQUIPMENT FOR THE CHEMICAL AND PETROLEUM INDUSTRY • OFFSHORE EQUIPMENT • ROLLING STOCK (LOCOMOTIVES, RAILWAY COACHES AND SPECIAL WAGONS)

THYSSEN

THYSSEN RHEINSTAHL TECHNIK GMBH
43 Essen 1 Postfach 7080 Germany

SUPPLIERS OF STEELS FOR OFFSHORE CONSTRUCTION

Platt R

Near £1m. advance by Gallenkamp

FOLLOWING the £308,000 increase reported at halfway, A. Gallenkamp and Co. turns in pre-tax profits up by £960,000 to £2.49m. for the full year to June 30, 1975.

Stated earnings per 25p share have gone up from 10.6p to 17.8p and a final dividend of 2.357p lifts the net total from 3.878p to 4.138p, equal to a maximum permitted 25.5 per cent. (23.2 per cent.) gross amounting to £418,414 (£380,445).

The directors report that the two principal market divisions, Gallenkamp—"Industry and Research" and Griffin—"Education", contributed an approximately equal proportion of the total turnover and profit. The group makes and supplies scientific apparatus and instruments, laboratory furniture and fittings, etc.

Group exports of £6.84m. represent 34 per cent. of total net sales to customers.

	1974-75 £000	1973-74 £000
External sales	19,912	15,393
Profit	2,490	1,531
Tax	1,314	825
Net profit	1,176	706

● comment

Gallenkamp's caution at the interim stage was clearly overdone, for pre-tax profits growth has accelerated from 42 per cent. to 81 per cent. in the second six months, on margins wider by 3.7 points. The group overcame the problems of component and shipping delays in the course of the year—exports, at 34 per cent. of sales, have indeed accounted for about two-thirds of a 30 per cent. increase in turnover and the bulk of the margin improvement. The company has little to say on the state of its balance sheet but, having started the year with a working capital base of £6.61m., a cash outflow seems inevitable although the borrowings ratio (185 per cent. of shareholders' funds in 1974) may well have shown some improvement. Export order books have apparently held up well but the outlook for U.K. industrial and educational demand is, by contrast, uncertain. In view of the strong profits record a fully diluted p/e of 6.6 at 112p is a fair valuation and cover on a yield of 5.8 per cent. extends to over four times.

Statement Page 41

Bank Sanaye Iran in London

Bank Sanaye Iran has opened its London Branch, at 12 Eastcheap, EC3.

The manager is Mr. J. W. Armfield, formerly London manager of Credit Lyonnais, and the joint assistant managers are Mr. J. S. Richards and Mr. M. N. Yousefi.

Founded by 53 Iranian industrial and commercial companies, the bank has a network of branches throughout Iran. The London branch will assist companies wishing to extend their business in the Iranian market.

Minty

Furniture manufacturers, Minty made a pre-tax profit of £30,659 in the half year to August 2, 1975. This compares with a first half loss of £37,726 last time and a profit of £11,014 for the full year to January 31, 1975.

The interim dividend is 1p net. Last year's interim was 1p but there was no final.

First half fall at J. Wilkes

MANUFACTURERS of business forms and equipment, James Wilkes, reports pre-tax profits down from £420,342 to £188,474 for the first half of 1975. Turnover rose from £3.09m. to £3.44m.

The net interim dividend is held at 1.385p absorbing £44,320. Last year's total was 3.452p paid from profits of £798,896 before tax.

First half tax took £99,000 (£218,000) and, after extraordinary debits of £28,426, the amount attributable was £49,557 compared with £194,140. A loss of £6,176 (profit £9,001) was retained in an associate.

Bear Brand

Bear Brand incurred a group trading loss of £90,000, compared with £55,000 in the first half of 1975, including an exceptional and non-recurring loss of £10,000 (nil). Again there is no tax charge.

For all of 1974 the loss was £101,530.

BICC profit falls 29% to £17.26m. midway

WITH SALES down 4.8 per cent. to £376m., a lower contribution from associates and higher depreciation, first half 1975 operating profit of BICC has fallen 23.2 per cent. to £22.95m.

And after finance charges, the pre-tax profit has slumped 29 per cent., from £24.3m. to £17.26m.

Chairman Mr. William Fraser, says both in the U.K. and overseas, with certain minor exceptions and particularly during the second quarter, the general level of incoming orders—with the exception of exports—has fallen substantially and that position still pertains.

He cannot foresee any improvement for the balance of the year and in these circumstances, coupled with the uncertainty in the international trading and economic field, it is impossible to forecast for the second half. Profit before tax for that period of 1974 came to £15.15m.

The first half sales reduction was due to lower copper prices and reduced level of activity, off-set by the effect of inflation on the cost of production both in the U.K. and overseas.

Export sales at £60m. were marginally down but orders received amounted to £129m., compared with £100m.

Earnings are shown at 5.75p (8.38p) per 50p share before extraordinary items. The interim dividend is held at 2.25p net: policy for the year will be determined when full results are available. Total for 1974 was 6.61p.

First half	1975 £000	1974 £000
Outside sales	*375,000	395,000
U.K.	178,000	190,000
Exports	69,000	62,000
Overseas companies	128,000	143,000
Operating profit	†22,954	29,907
Finance charges	5,690	5,602
Profit before tax	17,264	24,305
Taxation	‡7,664	11,530
Minorities	2,707	3,379
Extra-ord. debits	§927	58
Attributable	5,966	9,438
Pref. dividends	49	49
Attributable Ord.	5,917	9,389
Dividends	2,078	2,385

* Excluding VAT and associates. † Includes associates £2,316,000 (£3,362,000); investment income £24,000 (£63,000); and after depreciation £8,112,000 (£6,980,000). ‡ U.K. £1,361,000 (£3,635,000) and overseas £6,303,000 (£7,895,000). § Comprise profits and losses on translation into sterling; or on repayment, of foreign currency borrowings, and currency exchange adjustments on inter-group indebtedness, and stated after minorities.

The 1974 comparative figures have been amended so that realised capital profits previously treated as extraordinary items are now included in operating profit. Realised capital profits so treated amounted to £304,000 (£941,000).

Statement Page 35
See Lex

Cohen Bros. Electrical progress

ON DOUBLED sales of £1.01m., pre-tax profit of Cohen Bros. (Electrical) advanced from £141,000 to £204,500 in the first half of 1975.

And the directors see no reason why progress should not continue in the second half. Profits for the year 1974 was £298,342.

Stated earnings per share increased from 3.4p to 5p for the six months, and the interim dividend is lifted from 1.05p to 1.2846p net—the entire permitted increase for the year. Last year's total was 3.493p.

Half year	1975 £	1974 £
Sales	1,011,000	516,000
Pre-tax profit	204,500	141,000
Taxation	101,500	73,000
Net profit	103,000	68,000

BIDS AND DEALS

WHEATSHEAF PURCHASE

Wheatsheaf Distribution and Trading has acquired 75 per cent. of the Capital of Establishments Pidou SA for approximately £965,000 cash. Pidou operates wholesale cash and carry and delivered trade in food and grocery products and also a wine and bottling plant.

The remaining 25 per cent. of the shares will continue to be held by the existing directors and shareholders. Net assets and pre-tax profits of Pidou at March 31, 1975, were approximately £658,000 and £320,000 respectively.

SCHRODER LIFE—INDIVIDUAL

Schroder Life Assurance, a subsidiary of merchant bankers J. Henry Schroder Wagg, has agreed, subject to contract, to acquire Individual Life Insurance, set up in 1972 by Mr. O. Stutchbury in partnership with the Drayton Group, which owns 50 per cent. of the capital.

The Drayton Group was acquired by Midland Bank in March 1974 when it took over Samuel Montagu. Midland has decided to be involved in the unit-linked life assurance field by associating with an established company—Prudential Assurance—rather than be directly involved through a life company subsidiary.

The proposed acquisition should be completed by November, 1975, and it is expected that Mr. Stutchbury, present chairman of Individual, will continue to be associated with the company after the acquisition.

HANOVER GRAND

The Kirkstar Securities offer for the Ordinary capital of Hanover Grand has been accepted by holders of 1,721,596 shares, which with the 2,229,492 already held, represent approximately 90 per cent. of the issued Ordinary. The offer has been extended until further notice.

The offer for the 120,000 Preference shares of Hanover has been accepted by holders of 8,293 (52.7 per cent.). It has not been declared unconditional but has been extended until 3 p.m. on September 26.

PUNDALOYA BID

Through stockbrokers Dunkley, Longman, Marshall and Co., Mr. J. S. Herbert and Mr. L. H. A. Hazeel have sent out their formal offer for the minority in Pundaloya Holdings not already owned by them and their associates.

Mr. M. V. St. Giles, chairman of Pundaloya says the future of British investment in the Sri Lanka tea industry is uncertain following that Government's nationalisation proposals. The Board advised by Hambros Bank, considers the 12½p per Ordinary share offer fairly reflects the value of U.K. net assets, but does not appear to account for the value of the Sri Lanka assets.

The chairman does not recommend any particular course of action on the offer, other than to advise shareholders to consult their own professional advisers.

The offerors plan to retain the Stock Exchange listing and to continue and expand Inland Trawlers, a fish retailing business bought in March, 1974 for £30,000 plus 57,416 Ordinary shares of Pundaloya from Mr. T. E. Stanley, a director of the company. Mr. Stanley will be continuing on the Board and the offer is not being extended to him.

QUALITY CLEANERS PREFERENCE

The directors of Sketchley have decided to increase the amount payable under the offer for the 100,500 7½ per cent. Preference shares of £1 in Quality Cleaners from 60p to 70p per share. Holders will also be entitled to receive the half-yearly dividend payable September 30, 1975.

Acceptances have now been received in respect of 96.6 per cent. of the Preference, and the offer remains open.

BENSONS INTNL.

The offer by Esselte AB for Bensons International has met with acceptances of 2,056,676 shares (96.8 per cent.). Cancellation of the 7½ per cent. Conv. Unsec. Loan stock 1982-87 of Bensons has been approved and the register is now closed. Accordingly, the Ordinary offer has been declared unconditional—it remains open.

WHINSPARKEN

Charterhall Finance has received acceptances of its offer in respect of 3,876,553 Whinsparken shares (96.91 per cent.). The offer remains open until further notice.

AMAL. DISTILLED

Amalgamated Distilled Products has acquired, through its wholly owned subsidiary, Robert Porter, the capital of W. G. Haywood, a light engineering company. Consideration was £13,500 cash and £35,333 of 9 per cent. Convertible Unsecured Loan Stock 1992-97.

BANKART HOLDGS.

Bankart Holdings of Leicester, has acquired the capital of Palmer and Newbery, incorporated insurance brokers, of Manchester.

DOWGATE & GEN.

Suregain Securities announces that the resolution to cancel the outstanding warrants to subscribe for Ordinary shares in Dowgate and General Investments has been approved by the warrant holders. The offers for the Ordinary and Preference shares of Dowgate were declared unconditional on September 10 and acceptances have now been received in respect of 12.55m. Ordinary (81.9 per cent.) and 105,945 6 per cent. Preference (64.5 per cent.). As announced, the offers remain open.

REVERTEX EXPANDS

Revertex has broadened activities in the noise control field by acquiring a 60 per cent. holding in R. S. Allsopp and Associates and A.H. Noise Control, collectively known as the Noise Control Centre. Consideration is £60,000 to be satisfied by 98,400 25p Ordinary shares.

BENFIELD & LOXLEY

The resolution proposing the acquisition of W. and W. Development Designs by Benfield and Loxley has been formally approved and as a result a further 60,000 Ordinary shares of Benfield are now in issue. Mr. Percy Wyett has been elected to the Board of Benfield.

ASSOCIATES DEAL

Cazenove on September 15 bought on behalf of an associate of Concrete, 25,000 Concrete Ordinary at 55½p.

Kitcat and Aitken, on behalf of Pentos on September 12 purchased 25,000 Concrete Ordinary at 53½p.

SHARE STAKES

Jones Stroud (Holdings) now has 1,961,266 Ordinary (35.82 per cent.) in Fothergill and Harvey.

S.W. Wood Group now owns 2,439,000 Ordinary (16.14 per cent.) in Concentric.

Ball & Collins

The annual meeting of Ball and Collins (Oil and Gas) was told that the directors were studying currently a number of situations which would accelerate the company's growth and consolidate its values.

Meanwhile, it had three important exploration wells, one currently drilling and two in prospect. So the directors believed the company was in a good position to continue to progress.

MINING NEWS

Prospectors ar[e] persisting

BY LESLIE PARKER, MINING EDITOR

TWO CANADIAN companies, Laurasia Resources and Westfield Minerals, in their half-year reports indicate that the world-wide tendency of governments to take away the incentives for mineral prospecting has not entirely quenched the age-old pioneering spirit even though the provision of the high-risk capital needed to keep it alive is becoming almost as difficult to achieve as the finding of a payable orebody.

Since June 30 Laurasia has been able to raise $0.2m., by a private placement of 0.4m. shares, most of which will be used for further capital investment in the Minador mine and the balance for general corporate purposes. The Minador project represents an unusual venture in that a Canadian company is producing gold from South Africa's Witwatersrand field on a section of the upper levels of the old Randfontein mine.

Westfield has a 13.6 per cent. stake in Pat Hughes' Northgate Exploration and 9.8 per cent. of the highly profitable Vestgron Black Angel zinc-lead operation in Greenland. It is also still active in the exploration field.

Targets are located in Nova Scotia, Newfoundland and Alaska with the venture in the last-named representing a search for alluvial gold both on and offshore with drilling planned for the 1975-76 winter season. Working capital on June 30 was $1.19m. ($0.55m.).

Yesterday Laurasia fell 2p to 34p and Westfield 3p to 59p.

WESTERN MINING CONTROVERSY

A fall in production is reported by Western Mining at its Kambalda nickel mine in Western Australia in the four weeks ended September 9. During that period ore treated fell from 111,890 tonnes in the previous four-weekly period to 103,929 tonnes. There was no purchased ore during either period.

The ore grade at 3.12 per cent. was higher than the 2.97 per cent. previously. So nickel concentrates produced rose from 24,852 tonnes to 25,242 tonnes, averaging 12.05 per cent. nickel and 0.98 per cent. copper.

In addition, Western Mining reports that 9,136 tonnes of concentrates averaging 10.7 per cent. nickel were produced at the Mt. Windarra project (as against 9,926 tonnes averaging 11.51 per cent. previously) in which the company has a joint interest with Poseidon.

Yesterday Western Mining were barely changed at 150p. The share prospect is one of the most controversial debating points in the Australian market. A summing up has to take into account the doubts about when the market for nickel is really going into the kind of recovery which will warrant a much greater producer price increase than that recently seen; the dispiriting circumstances of the gold-mining interests; and the long-term prospects of the presently government shackled but highly promising Yeelirrie uranium deposit in Western Australia. All this adds up to a period of considerable medium-term uncertainty for Western Mining shares.

GOLD OUTPUT

A further modest rise in output, the third month running, is reported by South Africa's gold mines. Last month's total of 1,960,687 ounces compares with 1,959,856 ounces in July but goes against 2,049,141 ounces for August, 1974.

This brings production for the current year to date to 1... ounces compared with 1... ounces for the same p... 1974 when total output, ... ounces, was the lowest ... years.

Silvermines' dividend cu[t]

IRELAND'S Silvermines ... half-year pre-tax profit o... against £598,059. It incl... company's 25 per cent. ... earnings from Mogul of ... Silvermines lead-zinc ope... Tipperary which amou... £348,443 compared with ... year ago.

After tax of £256,500 ... surplus of £256,227, or ... share, contrasts with £3... 3.91p a share. The inter... end is reduced by 1p to ... free. The total 1974 di... was 4p.

The results show that, ... the company did less v... its stake in the Irish ... operation, it fared bet... its other activities. At Si... tonnage increased fr... which was hit by m... failures last year but t... was more than offset b... operating costs and the s... fall in the lead price.

The chairman, Mr. Russell, says that the group, in which the com... a 12½ per cent. interest ... its 50 per cent. stake ... Energy, expects to star... for oil and gas in the ... next summer. Dublin's ... Credit Company and ... Grenfell have been re... advise on the most suital... of widening Aran's shar... ship.

Silvermines has rese... necessary funds to maint... stantial investment ... "promising project" ar... advice is being sought ... value of the current s... how it can best be d... Yesterday Silvermines ... slightly to 53p.

Progress fo[r] Law Land i[n] first half

With first half 19... rents and trading surpl... ing increases, Law Land ... reports profits before t... £18,631 at £252,296.

Taking in £250,000 ... relating to developmen... ties, net balance attrib... the Ordinary advance ... £249,631 to £357,865.

Earnings per 20p ... shown at 1.46p (1.08p) ... 1.32p fully diluted. All... the July rights issue, ... are 1.09p basic and 1... diluted.

On the increased ca... interim dividend is st... from 0.95p to 1p net ... Treasury approval, the ... have already forecast a... not less than 2.317p, c... with 2.077p for 1974.

	197... £
Gross rents	1,688.
Trading surplus	56.
Profit before tax	252.
Taxation	135.
Net profit	117.
From capital res.	*230.
Minority	3.
Attributable Ord.	357.

* Relating to development p... † Loss.

DEVELOPMEN[T]
[F]OR BRITISH IN

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Stone-Platt keeps to forecast

...MACHINERY and ...ing group, Stone-Platt ...s, is keeping to its fore... a "substantial improve... current year profit, com... ith the £8m. pre-tax for...

...with last month's fore... ...ounced with the offer for ...cragg, first half 1975 sales ...d from £48.78m. to ... and pre-tax profit is up ...77m. to £4.13m. Com... figures have been ... to give a true com...

...earnings per 25p share ... from 4.9p to 7.4p, and ...rim dividend is stepped ...1.42609p to 1.6112p—the ...n permitted increase for ...year. The 1974 total was

	Six months 1975	1974	Year 1974
	£000	£000	£000
...	66,842	48,778	111,448
...	5,199	3,808	9,519
...ayable	1,074	538	1,797
...re tax	4,125	2,770	8,022
...	1,730	1,135	2,690
...ies	28	*11	*30
...l div.	57	57	113
...Ord.	2,365	1,577	5,168

* Profit.

...tions in the U.K. and ...are in line with budgets, ...ctors report.

...ts from the U.K. increased ...r cent. to £25.7m. Despite ...tion in new order intake ...le machinery and marine ...ropellers, order books ...remain at a satisfactory ...d unexecuted orders for ...sions totalled £166m. at ... they add.

...lity remains satisfactory. ...in exchange rates ...December 28, 1974 and ...0, 1975 increased the ...1975 first half year sales ...-tax profits by £1,751,000 ...5,000 respectively.

...the end of 1974, the pump ...acquired 80 per cent. of ...Lefebvre, French manu...s of valves for the water ... and the marine division ...ed a 50 per cent. interest ...F Bronze Corporation, ...cturers of ships' pro... in the U.S. Net asset ...at dates of the acquisi... were Frs.3.5m. and ...m. respectively.

...g the first half Vannes ...e contributed £859,000 to ...d £37,000 to pre-tax pro... LF Bronze was acquired ...ly 1 and both companies ...ected to make an increas... ...tribution to the company's ...f profitable growth. Both ...ents were financed by ...rrency borrowings.

...eptember 12, acceptances ...offer for Ernest Scragg ... 81 per cent. and it has ...en declared unconditional.

Statement Page 34

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends considered are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—BSR, Bemrose, Bifurcated Engineering, Bodycote International, Clarke Chapman, Danish Bacon, Eagle Star Insurance, Alexander Howden, Grampian Holdings, Lex Service Group, London City and Westcliff Properties, London and Manchester Assurance, Hugh Mackay, Mendip Investment, Montfort (Knitting Mills), Rio Tinto-Zinc, Francis Sumner, Tern-Consulate, Thomas Tilling, Wilkinson Warburton.

Finals—Australian and International Trust, Cray Electronics, Midhurst White, Second City Properties, Wades Departmental Stores.

FUTURE DATES

Interims—	
Alpine Holdings	Sept. 24
Cartwright (R.)	Sept. 29
Ever Ready	Oct. 24
Lane (Percy)	Sept. 26
Laporte Industries	Sept. 24
Manders	Sept. 23
Owen Owen	Sept. 25
Ozalid	Sept. 25
Pearson Longman	Sept. 25
TPT	Oct. 2
Wettern Bros.	Oct. 3

...ardo pays ...re

...£153,921, against £149,767 ...first half, profit of Ricardo ...ny Engineers (1927) ...ed from £318,138 to ...3 in the year to June 30, 1975, subject to tax of £180,829, against £165,532.

The dividend is raised from 4.9875p to 5.3175p net per 25p share with a final of 3.4425p.

Croydex is ahead and confident

FIRST HALF 1975 profits of Croydex have risen £61,643 to £301,582, and the directors are confident of further progress for the remainder of the year.

The interim dividend is up from 1.26635p to 1.35135p net per 20p share. In 1974 the company paid a 2.4876p total from profits of £516,000.

Product range covers the manufacture of rubber and plastic household and garden items. First half turnover came to £2.26m. (£1.98m.) and net profit was £144,582 (£114,939) after tax of £157,000 (£125,000).

Statement Page 32

No pessimism at Wilkinson Match

Mr. J. Gilbert, chairman, told the annual meeting of Wilkinson Match that he was not pessimistic by nature, nor did he see any grounds for pessimism so far as the group was concerned.

The potential was there and, in his judgment, it was only a matter of time before this potential showed up in the results.

The company gained financial strength during last year and Mr. Gilbert expected the current year's figures to show an improvement.

As known, Mr. Gilbert is retiring at the end of 1975 and it is intended to appoint him president of the company. Mr. D. Randolph will become chairman on January 1, 1976.

Forecast confirmed by IDC

REPORTING first half pre-tax profits up from £365,534 to £406,238, Mr. H. Hicks, chairman of the IDC Group confirms his earlier forecast that 1975 results should be at the same level as 1974, when the taxable balance was £908,312.

The net interim dividend is 1.976p per 20p share, against 1.8522p. Total for 1974 was 7.123p. Mr. Hicks and his wife continue to waive dividends due to them.

Mr. Hicks says capital investments in the U.K., the major source of turnover, has for some years been "very poor," compared with other industrial countries and in the industrial sector in Britain it has now reached an "abysmally low level."

In spite of the trend the group has recently confirmed large contracts, but due to the present political vacillation and the economic climate it is impossible to make a cogent forecast for future years." Nevertheless, we believe we will continue to do better than average."

	Half-year 1975	1974
	£	£
Turnover	12,541,446	9,379,294
Profit	406,238	365,534
Taxation	225,699	184,784
Net profit	180,539	180,750
Interim dividend	33,386	30,386

● comment

Overseas profits make up about a third of IDC's interim outcome, after a far smaller contribution last year, and this looks typical of the group's resilience. The order book, for example, is about £8m. up on the comparable period last year at £35m., and written at satisfactory margins, despite competitive tendering. Net short-term borrowings should continue to fall too, as IDC sticks to its strategy with Local Authorities. In the past, the group bought land, and afterwards built the houses under contract; now it is prepared to sell the land to the LA, hopefully in exchange for work. The steady conversion of working capital assets into cash is the main factor behind the decline in debt, scheduled to finish the year about £1m. lower at £1m. At 78p, the shares yield just under 15 per cent.

Statement Page 32

Ellis & Everard potential

LOOKING TO the future of Ellis & Everard, chairman Mr. Anthony Everard draws attention to the "clear advantage" the group has in having two strings to its bow—building supplies and chemicals—which are subject to different economic pressures and cycles, he points out.

While the building trade has been forced into the severest recession within memory, it is still a very large market. Mr. Everard foresees an increasing use of the group's comprehensive home improvement centres, while in building supplies as a whole there will be greater capacity to take the fullest advantage of the upturn when it comes.

The chemicals side should have good opportunities in the short and long term. It serves very much wider markets, and further useful negotiations are in progress for the handover of additional business which will increase the through-put of the expanding branch network at a time when traditional business may be slack.

As reported on August 12, sales for the year ended April 30, 1975, reached £24.84m. (£22.22m.) and profits were £804,472 (£1.09m.). The dividend is cut from 6.53p to 3p net.

At the year end there was a £1.46m. increase (£1.2m. decrease) in cash and bank balances. The chairman considers finance is adequate for foreseeable requirements and for planned developments. Liquidity was helped during the year by the subscription of Imperial Chemical Industries for its 30 per cent. stake in Ellis & Everard (Chemicals).

On August 15, Unilever held 31.99 per cent. of the Ellis & Everard equity. Meeting, Leicester, October 8 at noon.

Satisfactory prospects at L. Newmark

Assuming no further serious national economic deterioration, the chairman of Louis Newmark, Mr. G. L. Newmark, regards prospects for 1975-76 as being satisfactory.

The directors have no reason to be pessimistic as to the present and future outlook, he says. Banking facilities are such that no liquidity problems are expected.

As reported on August 14, group turnover expanded from £13.64m. to £15.38m. in the year to March 29, 1975, but taxable profits fell from £1.57m. to £1.26m. The dividend is 4.9715p (4.6767p) net.

An analysis of turnover and profit by activity shows (£000's omitted): Manufacturing £10,609 (£9,064) and £1,065 (£1,152), merchanting £4,555 (£4,324) and £117 (£363), and the Swiss subsidiary £214 (£247) and £79 (£56).

Mr. Newmark explains that the recession in the textile and textile machine industries became world-wide and additionally one of the major machine makers went out of business involving the group in a substantial bad debt, plus losses on special stocks of components and contract cancellation charges.

The other activities progressed satisfactorily and reduced the extent of the fall in profits caused by the exceptional losses.

As part of a continuing process the various activities have been examined closely and "drastic" pruning has taken place in those considered doubtful.

Chairman's Statement Page 37

Setback for Bury & Masco

FOLLOWING last April's indication that a downturn in activity had continued into the current year, Bury & Masco (Holdings)—textile products manufacture and sale—now reports a fall in first half taxable profits from £437,000 to £268,000, and Mr. B. L. Allen, chairman, says that with the company in the process of adapting and modifying its structure to meet the difficulties, and with economic uncertainties at home and abroad, it is difficult to predict the year's outcome.

The interim dividend is again 1.2403p net per 17.5p share but Mr. Allen warns that this should not be taken as an indication that the final will necessarily be maintained—the total for 1974 was 3.8536p paid from profits of £923,000.

Nonetheless, he adds, the continuing strong liquid position and inherent financial strength of the company gives the directors the necessary confidence to plan for future profitable growth.

Commenting on the half year, the chairman says a 5 per cent. drop in turnover value masks a reduction in volume of about 12 per cent., the units most seriously affected being Bacon Felt, the U.S. subsidiary, and the automotive division at Bury—the profit shortfall was entirely attributable to these two units.

The effects of the recession in the U.S. have been contained, he reports, and there are signs the upturn has begun. The automotive division, however, continues to reflect the low level of activity in the U.K. car industry. Demand in the U.K. in most other product areas has also declined but export performance has been "encouraging."

● comment

A dip into losses by both the American subsidiary (10 per cent of total profits last year) and the Bury automotive division has sent Bury and Masco's first half profits tumbling by 39 per cent. pre-tax. Elsewhere the group has largely held its own despite a generally lower level of demand. B. and M. is now trying to relieve the current depression by reducing its dependence on the automotive industry—normally 25 per cent. of total sales—and expanding into what appear more fruitful areas such as the manufacture of industrial filters. The group has also managed to reduce its stock holdings by £300,000 since the £1.9m. level at the 1974 year-end, and the cash which this produced must have strengthened the group's short term financial position. However, volume at the moment is still running at around 12 per cent. below the level of the corresponding period and the first half downturn could well gain pace in the second six months. At 32p the shares are yielding an historic 19.3 per cent.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
$106	F.P.	—	£77	£76	Brazilian Inv. S.A.	£76	...	—	—	—	
4	F.P.	—	169	165	Corn Exchange	165	...	b1.62	2.8	1.5	41.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
‡‡	F.P.	21/8	93	85	Adwest Grp. 10½% Cnv. 95/2000	87	.....
A**£98	£10	17/10	10½	9½	Bristol Water 9% Red Pref 1990	10	−½
£100	F.P.	—	100¼	99¼	CoR 9¾% Notes 1980	100	.....
£100	£50	—	49⅛	42	Ciba Geigy (U.F.S.) 7¾% Guar. Ln. 1982/92	43	...
£98½	£10	—	10⅝	10	City of Liverpool 12¾% Stk. 1981	10⅝	+⅛
£99	F.P.	5/9	102	98	Clayton Dewandre 16% Deb. 90/6	101½	.....
£98½	£45	5/12	46¼	44¼	Derby Borough Council 13⅛% Stk. 1982	45¼	+¼
‡£1	F.P.	9/9	100¼p	95p	Fodens 10% Cnv. Red Cum Pref.	95p	.....
£100	£50	25/10	56¼	52	Hoechst 10% Guar. Ln. 199...	54½	+½
£100	£10	—	10⅝	9⅞	Islington 13¾% Red. Stk. 1980	10⅝	+⅝
£100	£10	—	9⅝	9⅝	Do. 14% Red. Stk. 1985/6	9⅝	+⅛
‡‡	F.P.	—	108p	94p	Johnson&Firth Brown 11.05%Cm. Conv.Prf	108p	.....
‡‡£100	£40	22/8	62	40½	Land Secs 10% Conv. 90/6	62	+2
£99	F.P.	26/9	109¼	97	Newcastle & Gate 9% Red. Prf. 1980	99	.....
£98	£25	—	27	26	Norcros 15¾% Deb. 1990/95	27	+¼
—	F.P.	—	100	98	Schlesinger Int. Fd. (Jersey) Part Red Pref	100	.....
‡‡	F.P.	29/8	111	98¼	Whitbread 11% Conv. 1995	111	+2½
£98	£10	—	11	10¼	York Waterworks 9% Red. Pref. 1980	11	+¼

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	‡	Stock	Closing Price p	+ or −
2.80	Nil	—	—	Abercom Invs.	17pm	+2
68	Nil	22/9	30/10	BPB Ind.	44pm	+1
90	F.P.	22/8	17/10	B.T.R.	145	.....
Is£1.25	F.P.	4/9	1/10	Bank Leumi le Israel BM	23	.....
10	F.P.	5/9	26/9	British Car	29½	+½
66	F.P.	4/9	3/10	Chubb & Son	90	+1
56	F.P.	22/8	19/9	Clayton Dewandre	56	+1
26	F.P.	27/8	26/9	Crellon	29	.....
41	F.P.	23/8	19/9	Crossley Building	50	.....
65	F.P.	21/8	16/9	Davy Intl.	100	+1
27	F.P.	12/9	3/10	Dixons Photo	38	−1
27	F.P.	12/9	3/10	Do. A.	39	.....
25	F.P.	15/8	19/9	Empire Stores	76	+3
25p	Nil	—	—	European Ferries	29½pm	.....
25	F.P.	29/8	3/10	Howard Machinery	44	.....
128	F.P.	15/8	19/9	McCorquodale	176	.....
42	F.P.	20/8	2/10	Morgan Edwards	44	.....
41	Nil	29/9	14/11	Norcros	17pm	+1
25	F.P.	5/9	3/10	Normand Elect.	28	.....
78	F.P.	26/8	19/9	Royal Worcester	115	.....
50	Nil	22/9	17/10	Sangers Group	14pm	+2
40p	F.P.	26/8	25/9	Scottish & Newcastle Brewery	57	+2
170	F.P.	3/8	3/1	Tate & Lyle	227	+13
12½	F.P.	12/9	3/10	Woodhouse & Rixson	25½	.....

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✠ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✠ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants.

...itish Mohair Spinners Ltd.

Interim Statement by the Chairman, Mr. T. W. Hibbert

The unaudited results for the six months ended 30th June, 1975 together with comparative figures for 1974 are as follows:—

	Half Year to 30.6.75	Half Year to 30.6.74	Full Year to 31.12.74
	£	£	£
...roup Turnover	6,326,600	6,881,100	13,477,500
...rofit before interest and taxation	197,600	613,700	911,200
...terest payable less receivable	25,700	39,100	90,400
...et Profit before taxation	171,900	574,600	820,800
...stimated taxation	90,300	301,100	419,800
...et Profit after taxation	81,600	273,500	401,000
...xtraordinary items	1,700	—	(5,500)
...rofit available for distribution	83,300	273,500	395,500
...reference Dividends	11,400	11,400	22,900
...rofit attributable to Ordinary Shareholders	71,900	262,100	372,600

...e Directors' intention to pay an interim ...nd of 2.6% actual which together with the ...tax credit is equivalent to 4% gross (1974 ...ss) on the issued ordinary capital. The ...nd will be paid on the 31st October, 1975 to ...olders registered at 3rd October, 1975 and ...st £71,755.

...sults of the Group for the six months to 30th June, 1975 reflect the difficult trading situation in which the textile industry now finds itself. Government policy has been to allow wages to rise and to admit cheap imports of clothing.

Costs have therefore escalated sharply, wages having risen 32% in the last 12 months, and demand for the Group's products in the home trade has fallen. Fortunately, exports, which are 40% of turnover, have been maintained, and the present demand is encouraging.

Your Board continues to search for more efficient methods of production, to implement its present programme of re-equipment and to diversify into profitable enterprises.

No measures have been proposed by the Government which would lead to a prediction of greater prosperity for our industry. It is therefore inappropriate for your Board to forecast the results of the Group for the full year.

Anglo-Thai Corporation

Highlights from 1975 Group Accounts

	1975 £'000	1974 £'000
Turnover	74,701	65,421
Profit before taxation	8,631	8,440
Profit attributable to shareholders	4,782	4,534
Dividends	262	241
Profit retained	4,520	4,293
Assets employed	23,415	18,959
Shareholders' funds	21,518	16,872
Ordinary shareholders		
Earnings per share	21.05p	21.49p
Dividends per share	1.26p	1.19p
Dividend cover	16.75	18.13

The following are extracts from the Chairman's statement and Directors' report on the accounts for the year ended 31 March 1975:

The Group profit of £8.6million before taxation and the profit of £4.8million attributable to shareholders are in line with the forecasts made last year. In view of the unsettled conditions which prevailed during part of the period under review, the results for the year can be considered to be more than reasonable.

The ordinary dividends for the year, including the related tax credits, amount to 1.89p per share (1974 1.72p per share) which represents the maximum increase allowed by United Kingdom Government regulations.

During the year the Group purchased for cash C. & E. Baitz Proprietary Limited, a well known liqueur manufacturing company in Australia. Since the end of the financial year the acquisition of the Grantham Motor Co. Ltd. has been completed. These acquisitions are in accordance with Group policy of diversification away from our principal areas of operation. The Group is in an extremely strong liquid position and, as such, is well placed to make further acquisitions in line with this policy, and various possibilities are being explored at the present time.

In view of the Group's widespread interests and the varying economies of the countries in which it operates, it is extremely difficult to give any firm indication of future profitability. However, present indications are that there could be a downturn in profits during the early part of the year with some recovery occuring towards the end of the year and continuing into the following year.

Geographical Analysis

The following table shows a broad geographical distribution of Group net assets and profits before tax:-

	1975 Net Assets %	1975 Profit Before Tax %	1974 Net Assets %	1974 Profit Before Tax %
United Kingdom	15	6	22	5
South East Asia (excluding Thailand)	29	15	32	17
Thailand	19	19	14	16
Far East	27	58	22	60
Australia	7	2	6	3
Canada	2	–	3	(1)
India	1	–	1	–
	100	100	100	100

Copies of the report and accounts may be obtained from the Secretary
THE ANGLO-THAI CORPORATION LIMITED
Lee House, London Wall, London EC2Y 5AN

INTERIM STATEMENT

BICC

SUMMARY OF GROUP RESULTS

Half Year to 30th June 1975

(based on unaudited figures)

	June 1975 £M	June 1974 £M	Year 1974 £M
GROUP SALES	376.000	395.000	782.000
PRE-TAX PROFIT*	17.264	24.305	39.461
AFTER-TAX PROFIT	9.600	12.775	22.673
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	5.917	9.389	16.307
* After finance charges of	5.690	5.602	12.720
EARNINGS PER SHARE — Before Extraordinary Items	5.75p	8.38p	14.68p

Statement by The Chairman, Mr. William Fraser, C.B.E.

RESULTS

The salient features, with comparisons for the corresponding period in 1974, are as undernoted:—

Sales at £376 million are 5% down. The reduction is due to lower copper prices and reduced level of activity offset by the effect of inflation on the cost of production both in the U.K. and Overseas.

Export Sales at £60 million are marginally down but orders received amounted to £129 million compared with £100 million.

Profit Attributable to Ordinary Shareholders after minority interests but before extraordinary items is 28% lower at £6.8 million.

The Number of Issued Ordinary Shares has increased by 6.3 million to 119 million due mainly to the conversion of the 6½% Convertible Unsecured Loan Stock 1988/93.

INTERIM DIVIDEND

Your Directors have declared an Interim Dividend of 2.25p net per share (1974—2.25p) payable on 2nd January 1976 to Ordinary Shareholders registered in the books of the Company on 14th November 1975. The dividend policy for the year will be determined when the full results for the year are available and will of course be subject to the current statutory legislation.

INFLATION

The Government's programme against inflation came into effect on 1st August and a guide to this has been widely circulated throughout the nation.

As must be expected, these emergency measures contain many injustices and anomalies and I believe that it is imperative that more sophisticated procedures and objectives be worked out without delay through proper consultative machinery between Government, Industry and the T.U.C. In the meantime, and despite the shortcomings of the existing programme, I think it is up to each and all to co-operate to the maximum to overcome the problems and see that the measures work pending some more mature and permanent solutions to the difficulties and dangers which are and have been confronting the country for some considerable period of time.

GENERAL

Both in the U.K. and Overseas, with certain minor exceptions and particularly during the second quarter of the year, the general level of incoming orders—with the exception of exports—has fallen substantially and that position still pertains at the time of writing this Statement. I cannot foresee any improvement in the situation for the balance of the year and in these circumstances, coupled with the uncertainty in the international trading and economic field, it is impossible to forecast the results for the second half of the year.

BICC Limited 21, Bloomsbury Street, London, WC1B 3QN

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Thomson-Brandt may link with La Telemecanique

BY RUPERT CORNWELL

PARIS, Sept. 16.

THOMSON-BRANDT, the largest private shareholder in France's CII computer group, has reached tentative agreement to join forces in the mini-computer and peripheral business with the fast-growing electronics company, La Telemecanique.

However, Thomson has made it abundantly clear that the deal will only go through if it gets its way over the reorganisation of what is left of CII, following last May's announcement that the latter would merge its main computer activities with those of the U.S.-controlled Honeywell Bull.

The plan of the two companies, understood to have been settled after several weeks of discussion, is for a jointly-owned holding company to look after their respective mini-computer interests. Under this umbrella would come not only the Frs. 140m. sales of La Telemecanique in the field, but also the Toulouse factory of CII, which the Government wants Thomson to take on after the Honeywell deal.

What is more, the two groups are ready to join forces with other smaller companies operating in the same area. The problem, however, is the fate of the Toulouse plant—to run which Thomson is reportedly asking the French Government for Frs. 600m. of special aid over the next few years.

Unsurprisingly, the authorities consider this too great a sum, and in their attempts to bring Thomson to heel — from the first, Thomson fought the entire scheme to merge CII with Honeywell—they have been intimated that Toulouse might go to its great rival, CGE.

With the timely agreement with La Telemecanique, Thomson has countered this threat by an effective offer to put through the restructuring the French authorities want, but on its own conditions.

The repercussions of this latest development in an increasingly tangled aftermath to the CII affair are considerable. Four months after the announcement, final details still seem to be unresolved, amid a continuing dispute over whether the French have not simply sold off their computer industry to the Americans.

The Industry Ministry is now letting it be known that the new CII-Honeywell operating company will be ready next February. But a solution to its quarrel with Thomson will probably have to be worked out first.

Empain Schneider sales

BY RUPERT CORNWELL

PARIS, Sept. 16.

FOR ALMOST the first time on record, the Empain Schneider group controlled, by the Belgian Baron Edouard Empain, and whose interests include the Creusot-Loire nuclear and steel concern, has released statistics which give an overall idea of its size.

First-half sales of the Baron's Franco-Belgian empire came to Frs.9.3bn. (£1bn.), of which French companies contributed Frs.7.6bn. New orders won in the same period came to Frs. 12.8bn., of which Frs.11bn. were generated by French-based companies.

AP-DJ adds: Profits of Service d'Exploitation Industrielle des Tabacs et des Allumettes (SEITA), the French state-owned tobacco monopoly, declined last year to Frs.378.143 from over Frs.41m. in 1973, figures released here to-day show. Seita blamed the results on raw material price increases and mounting wages and other production costs.

The company's sales in France increased to Frs.9.029bn. from Frs.8.360bn. in 1973. Additionally, it exported 12bn. French-made cigarettes, an increase of 17.7 per cent. over 1973.

AEG plans Swiss Eurobond

BY MARY CAMPBELL

NEXT ISSUE on the Swiss franc foreign bond market will be Sw.Frs.80m. for the Luxembourg Finance subsidiary of AEG Telefunken. The issue offers a 7¾ per cent. coupon at a pricing of 98½ per cent. Maturity is the usual 15 years.

Following the AEG issue, the Inter-American Development Bank will be raising Sw.Frs.60m. in a ten year issue being managed by Swiss Bank Corporation. Coupon here will be 8 per cent.

The Los Angeles based company Santa Fe International is raising $25m. by means of a five year Eurobond issue. Indicated coupon 9¾ per cent. Lead managers are Dean Witter, Blyth Eastman Dillon and Warburg's.

Santa Fe has no quoted debt issues outstanding in the U.S. and therefore has no rating from any of the agencies. However, the opinion of the co-managers is that it would be rated single-A or BAA.

Santa Fe is a service contractor to the international oil industry and operates mostly outside the U.S. Among other involvements in the North Sea, it has an 18.2 per cent. working interest in the Thistle Field.

Daishowa Paper Manufacturer has raised $10m. on the Euromarket by means of a five-year private placement of 9½ per cent. notes. The manager for the issue, which is guaranteed by Sumitomo Bank, was Sumitomo White Weld.

*

Ontario Hydro's $57m. 9 per cent. Eurobond issue has been priced at 99½ per cent.

The $275m. loan for the Euromarket loan for the Ekofisk Field has now been signed. Terms included an eight-year maturity and two-tier spread of 1⅞ to 1¾ per cent.

*

The previously reported $250m. Euromarket loan for Ireland was signed yesterday. Maturity is five years and spread 1½ per cent.

*

The London Branch of Bank Sanaye Iran opens to-day at 12 Eastcheap. Manager is Mr. J. W. Armfield, formerly London manager for Crédit Lyonnais.

*

A new French-Algerian deposit bank, Union Mediterraneenne de Banques, has been established in Paris. It is capitalised at Frs.80m., shared among two Algerian and six French banks.

The largest single share is held by Banque Nationale d'Algerie with 35 per cent., followed by Credit Populaire d'Algerie with 15 per cent. Another 35 per cent. is shared equally among Banque Nationale de Paris, Credit Lyonnais and Societe Generale, and 15 per cent. is equally shared by Banque de Paris et des Pays-Bas, Credit Commercial de France and Credit Industriel et Commercial.

The new bank will finance trade between the two countries and take part in international loans.

Ennia first half growth

BY MICHAEL VAN OS

AMSTERDAM, Sept. 16.

ENNIA, the major Dutch insurance company, saw its first half net profits rise to Fls. 14.1m from Fls. 11.8m. in the same period last year. The increase was largely attributable to improved results from life insurance and other non-accident insurance activities.

The company's management said in a statement published in the Hague that the course of business had been in line with expectations in the first half of this year. Turnover, which amounted to Fls. 704.6m., had gone up 31 per cent. while costs had risen by 16 per cent. to Fls. 92.6m. If the Ennia Holdings (U.K.) figures were incorporated in the 1974 figures, turnover and costs would have risen by 15 per cent. and 9 per cent. respectively.

Profit per share totalled Fls.8.37 in the first half compared with Fls. 8.26 in the first half last year after adjusting for the share issue of last May.

The statement added that an earlier forecast about profit development in the second half still holds. It said that the profit per share over the whole of 1975 after capital expansion of at least 20 per cent. will equal that of 1974 (adjusted profits per share before claims were Fls.17.61 in 1974).

Ennia will be paying an unchanged interim dividend of Fls. 2 per ordinary share per October 1, 1975, involving a total sum of Fls. 3.4m. (Fls. 2.7m. last year).

Chase bails out REITS unit

By Our New York Staff

NEW YORK, Sept. 16.

CHASE MANHATTAN Bank has confirmed a theory long held in the financial community: that when the chips were down it would be willing to bail out the financially troubled real estate investment trust which bears its name. The bank has agreed to purchase $150m. in assets from the struggling Chase Manhattan Mortgage and Realty Trust.

The agreement, which depends on certain specific conditions, applies mostly to short term mortgage loans requiring a $30m. in additional financing. The bank will supply that need.

According to a filing made with the Securities and Exchange Commission, the bank will pay the trust the principal amount of the loans outstanding on the day the purchase is finalised, plus in some instances, interest on the loan which has accrued but which has not been paid.

Chase Manhattan Mortgage and Realty Trust, which is managed but not owned by Chase Manhattan Bank, has been trying to restructure its credit agreement with its 41 creditor banks since it expired in April. The asset-funding programme, as it is called is contingent upon the banks signing a new credit agreement by the September 30 when the current extension expires.

The trust has $1bn. in assets, and $800m. outstanding with its major creditor banks, of which Chase with $150m. is the largest single creditor. The Chase asset-funding arrangement, however, is not a swap for its loans to the trust.

News of the agreement sent share prices for the trust up ⅛ of a point to $3½.

Aker may settle out of court

By Fay Gjester

NORWAY'S AKER shipbuilding group may settle out of court, in its dispute with shipowner Hilmar Reksten over compensation for cancellation of two 285,000 ton d.w.t. tankers. The compensation issue is due to come up before an arbitration court next week, and represents the "second instalment" of Aker's claims against Reksten. A claim for compensation regarding four other cancellations was settled earlier this year by an arbitration court which awarded Aker damages totalling Kr.320m.

The suggestion that the remaining claim may be settled by agreement between the two parties, thus making a second court case unnecessary, was made by an Oslo business and shipping newspaper, the Norwegian Journal of Commerce and Shipping, with good contacts in both shipping and shipbuilding circles. The paper says that details of the anticipated deal are not yet known, but both parties apparently recognise that "no one can benefit from a feud between the shipowner and the shipbuilding group." This is particularly true, the paper says, since Mr. Reksten's policy of ordering tonnage in Norway "made a significant contribution towards the growth of the Aker group, until the market crisis developed."

AP-DJ adds from Tokyo: Terukuni Kaiun, a Japanese shipping company currently in bankruptcy proceedings, said it has successfully cancelled 1.13m deadweight tons of ships chartered from foreign owners. The company said the ships include 11 tankers and one ore/oil carrier.

A spokesman said the vessels were chartered from 10 owners domiciled in five different countries. The shipowners agreed to accept a combined Y5.8bn. in compensation payments, he added.

Ruetgerswerke earnings dip

FRANKFURT, Sept. 16.

RUETGERSWERKE AG said its first half earnings were lower than the first 1974 half, due to increased costs and the unsatisfactory price situation.

In a letter to shareholders it said first half group turnover fell a nominal three per cent. but a real nine per cent. to DM608m.

The world slump in plastics hit Ruetgers throughout the first half, while basic chemicals were increasingly hit in the second quarter. Building and construction remained at the previous year's low levels, it said. The overall export quota was unchanged at 20 per cent., it added.

Deutsche Continental-Gas and Ruhrkohle Ag each hold over 25 per cent. of Ruetgerswerke.
Reuter

Bols interim profits halved

AMSTERDAM, Sept. 16.

KONINKLIJKE Distilleerderijen Erven Lucas Bols first 1975 half pre-tax profit fell sharply to Fls.4.4m. from Fls.9.4m. Trading profit was also sharply down at Fls.5.8m. (11.2m.).

The company said it expects profits over the whole of 1975 to to be below 1974 levels, given the lack of any sign of economic recovery. But the fall in percentage terms will be less than in the first half. Reuter

JAPANESE RETAILING

Ito Yokado shops around

BY MARGARET HUGHES

JAPANESE RETAILERS will undoubtedly be among the first to welcome the new reflationary package announced yesterday by the Government.

Reflecting the depressed national economy, consumer spending has been particularly sluggish throughout the year. Even the summer bonus—one of the twice yearly bonuses paid to Japanese workers—failed to provide the usual fillip to retail sales. This year the rise in the summer bonus was limited to an average of 7.8 per cent., compared with the increase of 41.4 per cent. paid last year and a general expectation of around 13 to 15 per cent.

This, on top of the relatively modest rise in the national wage agreements reached in the spring, may have gone a long way towards helping the Government contain inflation but, inevitably, has curtailed consumer spending.

As a result, department store sales during the early summer months showed a nominal rise of 5 per cent. on a year ago but, in real volume terms, were in fact 5 per cent. down. The latest monthly figures—for August—show a negligible rise of only 1.9 per cent.

Given this situation, anything likely to stimulate consumer spending will be greeted with enthusiasm by the retailers. Even so they do not expect to see any immediate benefits from Government moves to reflate.

Mr. Masatoshi Ito, president of Ito Yokado, one of the leading Japanese supermarket chains, has been talking this week to London analysts. He feels that it will take some time to change the present consumer predisposition to save, rather than spend—and much longer for there to be any real increase in consumer spending power.

He expects the first upturn, however small, to come in the winter months after the payment of the next half yearly bonus. This should be reflected in results for the first quarter of its financial year beginning in March 1976.

Like other retailers Ito Yokado has been having a "difficult time" during the current recession. Sales, which had jumped by 70 per cent. in the previous year, were still up by 48 per cent. in the year ended February 1975, reaching Y201bn.

But net earnings, hampered by a Y237bn. tax surcharge, were virtually unchanged at Y3.2bn. from the previous year and some Y300m. below forecast. Gross profit margins slipped from 21.9 per cent. to 21.1 per cent. and net margins were squeezed to 1.6 per cent. from 2.3 per cent.

Margins cut

In the current year Mr. Ito expects gross margins to improve slightly by some 1.2 per cent. for, having reduced inventories by some 20 per cent. last year, there should now be no further need to do so. Net margins, however, will be further reduced to around 1.5 per cent. largely, Mr. Ito claims, because of new store construction — without building new stores net margins, he says, would be around 2 per cent.

Sales, meanwhile, are expected to be up 30 per cent. to around Y260bn. and earnings by 20 per cent. to Y3.6bn. Results for the first half of the current year, to be announced early next month, should show a 30 per cent. increase in both sales and earnings—an improvement achieved, Mr. Ito believes, by a combination of cost cutting (particularly labour costs through increased productivity) and increasing awareness of consumer needs.

The company, perhaps, is fortunate in that its retailing is concentrated on the more essential consumer products — food and clothing. But during the current recession it has taken its role as a supplier of Japan's "daily needs" a stage further by recognising the basic changes which the recession has brought about in spending habits.

The housewife has begun to "shop around" so that selling at a discount is becoming more common in Japanese retailing. Ito Yokado itself claims to have reduced prices on some merchandise twice over during the current year, while stepping up own-brand sales and other similar moves aimed at providing the value for money which the Japanese consumer is now looking for.

But perhaps the most significant move on this score has been its introduction to Japan of American-style convenience stores. Through its tie-up with Southland, which operates some 5,000 such stores in the U.S., Ito Yokado is opening up a chain of "Seven Eleven" stores—shops that stay open from seven in the morning until 11 at night.

The first of these was opened last year and already there are 30. Concentrating on the franchise end of the business, in many cases linking up with corner shop retailers who might otherwise be going out of business, it aims to have 80 such stores in operation by the end of the current financial year and some 1,000 within the next five to six years.

"Seven Elevens" are not expected to return any profits to the group this year. Ito expects them to "br[...] next year." Within five [...] sees his convenience [...] accounting for as much [...] cent. of group sales [...] establishing Ito Yokado [...] tially a supermarket gro[...] growing sector of the [...] business.

In a parallel, but mor[...] move Ito Yokado has [...] second foreign partner [...] American Denny's re[...] chain. The aim is to [...] Denny's restaurants serv[...] priced food from [...] through till supper—[...] 7 a.m. till 11 p.m. This [...] is at present on a much [...] scale than the "Seven [...] with an initial target of [...] six restaurants next ye[...]

Big changes

To finance such an a[...] programme, along w[...] normal stores expansion [...] admits that there will [...] be "big changes in t[...] pany's fund raising me[...] the past, expansion h[...] financed by bank borrow[...] internally generated f[...] it will now be relying [...] more on the capital m[...] the current year only [...] cent. of the Y20bn. ex[...] penditure was met [...] borrowings.

The equity ratio sto[...] per cent. on July 31 [...] and any future fund [...] will have to fit in with [...] pany's stated aim of ma[...] an equity ratio of at lea[...] cent. Mr. Ito indica[...] several public offeri[...] likely but to protect sha[...] earnings "a 20 per cen[...] would have to be [...] before each new offer."

Burns revealed as Winns buyer

BY JAMES FORTH

SYDNEY, Sept. 16.

THE STRUGGLE for control of the New South Wales retailer, Winns, appears to be developing into a contest between Winthrop Investments and the powerful trading group, Burns, Philp and Co. Winthrop launched an official takeover offer after Winns announced a $A3.4m. cash and share deal to buy several retail stores from Burns, Philp, a move widely seen as a defensive measure. Winthrop claimed when it made its bid that it had already told Winns of its intentions. Winns has consistently rejected all overtures from Winthrop and the fight has spilled on to the share-market. Winthrop has admitted it has been buying but, another party has also been buying heavily.

The Sydney Stock Exchange revealed to-day that the other buyer is Burns, Philp. The Exchange has asked Burns, Philp to reveal how many Winns shares it now holds and to provide details of any market purchases by noon the next day in compliance with its listing rules. Winthrop is already meeting this requirement.

On Monday, Winthrop began buying on the market at prices well above its offer level of $A1.10 a share. The top price paid was $A1.55 and Winthrop said it would increase its offer to that level. Winthrop already held about 25 per cent. of Winns Capital before its latest move and has now increased it to over 27 per cent.

Its holding, however, was not enough to prevent Winns directors obtaining approval for the Burns, Philp retail deal at a shareholders' meeting last week. The deal will give Burns, Philp an 8.6 per cent. holding in Winns. Winthrop was unable to cast votes for 350,000 of its then 870,000 holding in Winns because it could not get transfers registered in time. Even so, votes in favour of the Burns, Philp deal totalled 75 per cent. of those cast and represented 57 per cent. of Winns' capital. So Winthrop could not have won, even if it had been able to register its entire holding.

Winns directors regard Winthrop's latest publicised move to the market as a "first come first served" bid, a practice which the Stock Exchanges have sought to ban because of its discriminatory nature.

They suggested that it was discriminatory and could be detrimental to the major body of shareholders. Winns directors put several questions to Winthrops, relating to finance, protection of interests of the staff and whether the bid would be open to all shareholders. The original Winthrop offer was conditional on the deal with Burns, Philp not proceeding.

In a further development Winns and Winthrop will go back to the courts to-morrow. Winthrop gained an injunction preventing Winns from proceeding to buy the Burns, Philp stores before the shareholders' meeting was held.

Winns will attempt to convince the court that it should now lift the injunction.

The Sydney Exchange revealed that Burns, Philp asked it to suspend trading in Winns shares until the court makes its ruling. The Exchange refused, and said that it had an obligation to other Winns shareholders to maintain a market in current circumstances.

Arco seeks Tokyo quot[...]

TOKYO, S[...]

THE TOKYO Stock Exc[...] applied for Finance [...] permission to list the [...] Atlantic Richfield, an [...] spokesman said.

The stock will pro[...] listed late in October [...] in November, he said, [...] be the fifteenth foreign [...] be listed on the excha[...] Reuter

Ingersoll Rand acquires Japanese stake

TOKYO, Sept. 16.

INGERSOLL-RAND Japan Co. said that its parent company, Ingersoll-Rand U.S. will acquire a 60 per cent. interest in Tokyo Ryuki Seizo Co., a Japanese crawler drill manufacturer.

Ingersoll-Rand has already bought 80,000 shares of Tokyo Ryuki, which will also allocate 70,000 new shares to Ingersoll-Rand when it raises its capital to Y125m. from the present Y90m.

The company said it plans to export Tokyo Ryuki's crawler drills to South-East Asia initially, and to produce Ingersoll-Rand's mining and construction machinery at Tokyo Ryuki in the future.

Ingersoll-Rand Japan said that Tokyo Ryuki reported a net profit of Y25m. in the year to September 1974 (Y58m.) and gross sales of Y1.83bn. (Y1.8bn.).

*

Marubeni Corp. said it will establish a joint company with Solvay and Cie of Belgium to produce and market here a catalyser to be used for polymerisation of polyprolylene.

Marubeni said that the joint venture, to be called Marubeni Solvay, will be formed with a capital of Y.80m. soon as the Japanese Government approves the project.

The company will build a plant in Yamaguchi Prefecture, Southern Japan, to produce about 125 tonnes of the catalyser annually starting in the latter half of next year, under Solvay's licence. Reuter.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Amax 8½pc 1986	97½	98½
Ashland 8pc 1987	86	87
Austraswiss 8pc 1987	87	88
BFCE 9pc 1989	98	99
Borregaard 8½pc 1989	90	91
Carrier 8pc 1987	84	85
Conoco 8pc 1981	92½	93½
Consd. Foods 7½pc 1991	80	81
Cutler Hammer 8pc 1987	86½	87½
EIB 9½pc 1995	99½	100½
General Cable 8½pc 1987	84½	85½
Esso 8pc 1986 Nov.	94½	95½
General Motors 8½pc 1986	100	101
GTE 8½pc 1995	96	97
ICI 7½pc 1992	78	80
Nat. Grindlays 7½pc 1987	73	75
Pacific Light 8pc 1998	83	85
Prov. of Quebec 7½pc 1998	81	82
Queensland 8½pc 1987	83	84
Quebec Hydro 9½pc 1999	92	93
Scanraff 8½pc 1988	94	95
Shell 8pc 1990	92	93
Stand. Oil (Ind.) 8½pc 1988	95	96
Tenneco 7½pc 1987	81	82
Transocean 8pc 1986	83	84
TRW 8½pc 1986	94	95
Utah 8pc 1987	86	87
Volvo 9½pc 1985	98½	99½
NOTES		
Air France 9½pc 1982	99½	100½
Aust. Ind. Dev. 10½pc 1981	101½	102½
Barclays 7½pc 1978	94	95
Cie Nat. du Rhone 10pc '82	101	102
Du Pont 7½pc 1978	98½	99½
Esso 7½pc 1978	98	99
General Motors 8½pc 1976	100½	101½
Marubeni 9½pc 1992	99½	100½
Nippon Fudosan 10½pc 1981	101½	102½
Skand. Enskilda 10½pc 1981	101½	102½
Tenneco 7½pc 1979	96½	97½
Tokyo Curacao 10½pc 1981	100½	101½

Source: White Weld Securities.

	Bid	Offer
American Express 4½pc '87	77	79
Ashland 5pc 1988	75	77
Beatrice Foods 4½pc 1992	96	98
Beatrice Foods 4½pc 1992	85	87
Borden 5pc 1992	82½	84½
Broadway Hale 4½pc 1987	68	70
Canon Camera 7½pc 1989	84	88
Carnation 4pc 1987	92	94
Chevron 5pc 1988	93	95
Dart 4½pc 1987	77	79
Eastman Kodak 4½pc 1988	105	107
Economic Labs. 4½pc 1987	65	68
Eidai 7½pc 1989	79	84
Ford 6pc 1986	79	81
Ford 5pc 1988	67	69
Fuji 6½pc 1985	103	107
General Electric 4½pc 1987	83	85
Gillette 4½pc 1987	69	71
Gould 5pc 1987	79½	81½
Halliburton 4½pc 1987	122	124
Harris 5pc 1992	64	66
Hitachi 6½pc 1984	100	
Honeywell 6pc 1986	69	71
ITT 4½pc 1987	66	68
Komatsu 7½pc 1990	102	103½
J. Ray McDermott 4¾pc '87	123	125
Mitsui 8½pc 1989	132	
J. P. Morgan 4½pc 1987	101	103
Motorola 4½pc 1983	110	
Owens Illinois 4½pc 1987	88	90
J. C. Penney 4½pc 1987	71	73
Pioneer 8½pc 1989	150	155
Rand Selection 6½pc 1986	88	93
Rank 4½pc 1993	37	39
Revlon 4½pc 1987	92	94
Sperry Rand 4½pc 1987	91	93
Squibb 4½pc 1987	73	75
Toshiba 6½pc 1990	100	101½
Union Carbide 4½pc 1982	101	103
Warner Lambert 4½pc 1987	56	58
Warner Lambert 4½pc 1988	76	78
Xerox 5pc 1988	69	71

Source: Kidder, Peabody Securities.

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ccountants warn of limits t promoting 'fair shares'

CHAEL BLANDEN

ARE limits to what the ent can do to promote r distribution" of in- l wealth, and the present crisis is a particularly une time for experi- n redistribution, it is y the accountancy pro-

rther evidence to the mmission on the Distri- f Income and Wealth, sultative Committee of Accountancy Bodies, represent- ing 100,000 accountants, has set out its views relating to the Commission's standing reference and to its investigations into higher incomes.

"The limit on official action, it is argued, is reached at the point beyond which economic develop- ment would be impaired, "so that eventually there are less resources available to help the under-privileged." The account- ants express concern that an undue continuing cost will be incurred in seeking greater in- formation on the distribution of income and wealth.

The submission says that there are practical limitations to the use of the main methods of changing the distribution of in- come or wealth — statutory incomes and price controls, and tax policy.

Commenting on the progres- sive income tax system, the accountants argue that "the high rates of tax on earned in- come since the war have been unfair on high earners and have probably had adverse economic effects on the country at large."

"High marginal tax rates, they suggest, blunt the willing- ness of at least some people to make extra effort or take dif- ficult decisions, differentials at the higher levels are eroded, and there is the danger of loss of skilled people through emi- gration and the inability of U.K. companies to compete for the best talents.

Considering wealth tax, the accountants maintain that its in- troduction can be justified only if accompanied by sharp reduc- tions in income tax on invest- ment income, particularly at the higher levels, and indexation of capital gains to remove the infla- tionary element. Even without a wealth tax, "we believe that in- come tax on investment income is too high and that this has consequences which are disad vantageous to the economy of the country."

'ine traders seek ansport costs cut

ENNETH GOODING, INDUSTRIAL CORRESPONDENT

TRADERS want Govern- partments in the U.K. ance to take steps to atly reduce the cost of t between the two s.

lks organised by the British Council in co- with Bass Charrington the traders have that costs could be re- y the simplification and isation of French and Customs formalities, re- ongestion at U.K. ports, extension of inland facilities in the U.K. outes between France ain are the most expen- the world and a recent f the French and British s of Commerce revealed ordinary proliferation of and other official

Southampton and Dover, both major wine ports, are particu- larly mentioned by the wine traders. Delays at these and other U.K. ports because of lack of space and Customs complexi- ties can be up to three days.

At the same time, the U.K. has only 22 inland clearance points for wine and French Customs have consistently advocated the need for an extension of these facilities.

The Franco-British Council's director-general, Mr. Maurice Edelman, MP, said yesterday that he would be reminding the Chancellor of the Exchequer, Mr. Denis Healey, about French views on the heavy U.K. duty on wine. France exports £50m.-worth of wine to the U.K.

It is still a long-term EEC objective to achieve harmonisa- tion of duties.

French Concorde service to Rio starts in January

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FRANCE yesterday formally announced that it would start regular fare-paying passenger services with Concorde between Paris and Rio de Janeiro on January 4.

British Airways, however, is not yet in a position to be as definite about its Concorde operations. Yesterday, the airline said it was still intended to start at the same time as Air France, but that the necessary route approvals from Bahrain and other countries were still awaited.

The Air France announcement, by M. Gilbert Perol, its director- general, surprised airline and Department of Trade officials in the U.K., who were adamant that the recent Anglo-French Mini- sterial agreement that there would be no BA-Air France race to be first with Concorde still applied.

Nevertheless, the Air France announcement left little room for doubt, saying that the services would be from the new Charles de Gaulle Airport near Paris on Sundays and Wednesdays, reach- ing Rio via Dakar in 7 hours and 5 minutes against the normal Jumbo jet subsonic time of 13 hours.

An agreement between the French and Brazilian authorities, permitting Concorde fare-paying passenger flights into Rio de Janeiro, was signed earlier this year.

So far, however, there are no agreements of any kind for the British, although negotiations are in progress with various Middle East Governments, in- cluding Bahrain and Saudi Arabia and Malaysia, Singapore, Australia, Hong Kong and Japan.

It is hoped that an agreement will be reached with Bahrain in time for BA services to start in the New Year.

So far as the U.S. is concerned, both BA and Air France must wait until the U.S. Government has completed its own internal procedures, including publica- tion of a final "Environmental Impact Statement" by the Federal Aviation Administration, before saying yes or no to Con- corde.

Even if the United States says yes, however, there remains the problem of objections by local authorities who run the airports, such as Kennedy, New York, who would still have the right to pre- vent Concorde from landing there.

With the overall flight test pro- gramme now completed, the two Concordes involved—the French No. 3 and the British No. 4— are now being prepared for delivery to airlines later this year.

The Civil Aviation Authority and France's Secretariat Générale a l'Aviation Civile are both well advanced in preparations for granting the necessary certificate of airworthiness, but the CAA in the U.K. may want some further tropical flying done before the certificate is signed.

)INTMENTS

idland Bank Group nit Trust Managers

G. Wilcox, a director and neral manager of the Bank, has been appointed of MIDLAND BANK UNIT TRUST MANA- r. F. C. Bissell has become rman and Mr. R. G. Heape g director.

★

ike Summersgill has been d a local director of the d District of BARCLAYS

★

. Keith A. Kirkman has ected a member of THE EXCHANGE as an e member with Henry Lumsden and Co.

★

lga Group, which manu- water purification equip- has appointed Mr. John inancial director of ELGA CTS, and company secre- the holding company, INVESTMENTS.

★

R. Mischell, of Kiril (Holdings), has joined ard of CEREAL AND AL PRODUCTS.

★

M. E. Johnston, Under- y responsible for cereals Ministry of Agriculture, the GRAIN AND FEED ASSOCIATION as trade o-ordinator on February

★

D. Robson has resigned e Board of LAFARGE SATION.

★

remy Morse has been d to the Board of AND SCOTTISH.

Mr. Edward Kirkham has been appointed a director of the inter- national tour operator TRANS- EUROPE PVBA, of Ostend, and its associated U.K. company, EUROPE TOURIST SERVICES. A travel and tourism industry marketing consultant, Mr. Kirk- ham was formerly a director of Morgan-Grampian, responsible for travel publications.

★

Mr. H. C. J. Vines has been appointed a director of the BRITISH AVIATION INSURANCE COMPANY on the resignation from the Board of Mr. D. M. Mountain, who had been a director since May, 1966.

★

Mr. Thomas T. Goodale, manag- ing director of PERSONNA INTERNATIONAL U.K., a sub- sidiary of the American Safety Razor Company, has been appointed to the new position of vice-president of the INTER- NATIONAL DIVISION. Mr. Goodale will be responsible for all international operations outside the U.S. and will continue as managing director of Personna International. The American Safety Razor Company is a division of Philip Morris Inc.

★

Mr. G. M. (Mike) Hawes has been appointed engineering man- ager of BELL AND HOWELL'S COMMUNICATIONS EQUIPMENT DIVISION. Responsible for the division's international field engineering activities, he was formerly U.K. service manager of Sonab.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early rally fails: down 8 at 795

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 16.

AN EARLY RALLY on a sharp rise in Industrial Production was quickly reversed on Wall Street to-day, following news that a non-partisan congressional panel said the Federal Reserve Board is moving toward a tight U.S. monetary policy.

After opening 3.37 up at 806.56, the Dow Jones Industrial Average dropped below the 800 level to 795.13, for a net loss of 8.06. The NYSE All Common Index gave way 42 cents to $43.59, after regaining 12 cents to $44.13, while losses outpaced gains bya more than three-to-one majority. Trading volume expanded 4.42m. shares to 13.09m.

Analysts said the Stock Market continued to be inhibited by inflation and rising interest rates.

The Congresional Budget Office said that while the U.S. is beginning to recover from the recession, it will be stuck for years with a combination of high unemployment and inflation. The Office also said that beginning in mid-1976 tighter monetary policies and the impact of higher prices are expected to retard the economic recovery.

Also in the day's economic news, President Ford said he had made no firm decision on extending this year's tax cuts.

U.S. Steel fell $1¼ to $64¾, despite its bullish forecast on industry steel deliveries.

General Motors were unchanged at $47—it introduced its new mini-car "Chevette," which will compete with small foreign car imports.

IBM shed $1¼ to $178¼, although it unveiled a new magnetic card typewriter with an electronic memory.

Addressograph - Multigraph added $¾ at $7¼, after reporting sharply higher earnings.

Chase Manhattan Mortgage and Realty Trust picked up $¼ to $3⅞—its advisor, Chase Manhattan Bank, agreed to purchase $150m. of the Trust's assets—most short-term mortgages—under certain conditions.

Rohm and Haas fell $5¼ to $65¼ on its late Monday, the company expectation to report a decline in third quarter net from the previous quarter.

The American SE Market Value Index further declined 0.66 to 82.21, with losses outnumbering advances by 345 to 171.

But Westcoast Transmission were up $⅜ to $21⅛ and Union Gas Preferred "A" gained $2⅛ to $30.

Canadian Stock Markets continued to move broadly lower in light trading yesterday morning.

The Gold Share Index dropped 8.83 to 299.39, while Industrials shed 0.43 to 178.26, Base Metals 0.04 to 76.03, Utilities 0.60 to 121.07 and Banks 0.46 to 264.91. But Papers put on 0.51 to 104.02, while Western Oils held unchanged at 173.91.

Among Golds, Dome Mines declined $1½ to $38½.

Home Oil's "B" gave way $1¼ to $22, Falconbridge Nickel $¾ to $30⅜ and Royal Bank $⅜ to $33¼.

Westcoast Transmission added $¼ at $21.

PARIS — Mostly lower in moderate activity, reflecting a general lack of enthusiasm among buyers.

Metals and Engineerings did well for the most part, however, but Electricals, Motors and Chemicals ended mixed. Other sectors were weak.

Most Foreign issues were weak, although Americans were irregular.

International Oils lost ground apart from Shell Transport, which were firm. Gold mines eased, Coppers were mixed.

BRUSSELS—Mixed to higher. In mostly higher Steels, Cockerill rose Frs.28 to 960. Electricals and Utilities were steady. Among better Oils, Petrofina put on Frs.120 to 3,100. Chemicals finished lower, with UCB off Frs.30 at 2,800 and Solvay down Frs.85 at 2,575. Holdings were mixed to lower.

Small advances predominated in U.S. shares. Boeing were up Frs.26 to 1,030, General Motors Frs.25 to 1,955, ITT Frs.14 to 804 and IBM Frs.50 to 7,400.

South African Gold Mines were firm, as were Dutch shares. Germans gained ground, while French sector was mixed.

AMSTERDAM—Market eased in quiet trading ahead of the 1976 Budget announcement and on negative company news.

Bols gave way Fls.6 on a 48 per cent. lower first half year net profit. Ennia lost Fls.1.5 to 123, despite its unchanged interim dividend. Ogem were unchanged after its THV unit announced a sharp profit fall.

State Loans eased slightly.

MILAN—Prices drifted downwards in slow trading. Only gains were posted by some Insurances.

GERMANY — Predominantly lower in relatively quiet trading.

Banks eased. Commerzbank lost DM0.80 to 197. Electricals were mixed to lower. AEG rose DM0.80 to 72.80, but Siemens declined DM1 to 261.30. Chemicals were mostly lower.

Motors lost ground. Daimler retreated DM1.50 to 313.50, VW also DM1.50 to 122.50 and BMW DM3.50 to 222.50. Machine Makers were predominantly lower, Steels mixed to lower, while Metals were about unchanged.

Minings generally declined, Utilities were mixed to lower, Stores weaker, Breweries mixed.

SWITZERLAND—All sectors declined in average trading.

Swiss Bank Corporation fell Frs.7 to 411, Swiss Re-Insurance Frs.75 to 4,175, Nestle Bearer Frs.70 to 3,000 and Alusuisse Bearer Frs.20 to 960, but Motor Columbus rose Frs.25 to 900.

U.S. stocks were marginally above Monday's Wall Street levels.

HONG KONG—Slightly higher.

JOHANNESBURG—Gold shares were mixed in quiet trading. Financial Minings also were mixed.

In Coppers Messina gained 5 cents to R3.05. Platinums were virtually unchanged.

Industrials were marginally easier.

TOKYO—Market eased, attributed to small-lot selling from Institutional investors.

Light Electricals, Housings, Constructions, Foodstuffs, Pharmaceuticals, Cameras and Oil Refinings were down.

AUSTRALIA—Industrials turned in another solid performance, but some uncertainty started to develop in the Mining market.

Banks, Financiers, Transports and Breweries were among the best groups, and there were good, but standard gains among Engineerings.

In Banks, National were up 5 cents to $A2.60, and in Financiers AGC rose 5 cents to $A1.50.

TNT also gained 5 cents to $A1.12.

Adverse comment about the Government's two-tier oil price policy saw BHP down 4 cents to $A7.06, while in the Oil Explorers proper, Weeks Resources shed 3 cents to 80 cents and Woodside-Burmah 3 cents to 87 cents.

OTHER MARKETS

Canada again lower

Canadian Stock Markets continued to move broadly lower in light trading yesterday.

The Gold Share Index dropped 12.6 to 295.56, while Industrials shed 1.40 to 177.20, Base Metals 0.73 to 75.34, Western Oils 0.69 to 173.22, Utilities 0.51 to 121.16, Banks 1.49 to 263.88 and Papers 0.04 to 103.04.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume 000's
Sept. 16	67.25	149.38	795.13	76.95	13,090
15	67.49	150.73	803.19	76.69	8,670
12	67.47	151.43	809.29	77.23	12,230
11	67.40	151.65	812.66	77.20	11,100
10	67.64	152.29	817.66	77.87	14,780
9	67.63	154.74	827.75	78.44	15,790
8	67.82	155.52	840.11	78.22	11,500
5	67.70	156.32	835.97	77.74	11,500
4	67.84	156.34	832.31	78.19	12,810
3	67.36	157.00	832.29	72.44	12,260
2	67.65	156.34	825.69	78.25	11,460
Aug. 29	67.76	157.24	835.34	79.24	16,480
28	67.58	155.60	829.47	78.70	14,630
27	67.61	152.22	807.02	77.29	11,110
26	67.61	155.19	805.11	76.91	11,350
25	67.66	155.24	812.34	77.23	11,250
22	67.62	154.08	804.76	76.45	15,050
1975 High	68.92 (4/4)	174.12 (5/6)	881.81 (15/7)	87.07 (24/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Sept. 5	Sept. 12	Sept. 16 1974
4.56	4.72	6.05

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Sept 16	Sept 15	Sept 12	Sept 11	Sept 10
51.24 (15/7)	37.06 (2/1)	43.59	44.01	44.26	44.38	44.52

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,776	327	1,011	438

	Sept 16	Sept 15	Sept 12	Sept 11	Sept 10
New Highs	1	1	4	1	1
" Lows	41	28	17	25	25

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Sept 16	Sept 15	Sept 12	Sept 11	Sept 10
98.80 (15/7)	62.20 (2/1)	82.21	82.87	83.48	85.72	84.12
Volume (000's)		1,740	1,130	1,120	1,180	1,460

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Sept. 16	92.00	82.09
" 15	92.39	82.88
" 12	93.45	83.30
" 11	93.53	83.45
" 10	94.78	84.59
" 9	94.80	84.60
" 8	96.38	85.89
1975 High	107.40 (15/7)	95.61 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Sept. 11 1975	Sept. 4 1975	Sept. 4 1974
Ind. Ord. yield pc	4.06	3.94	4.99
Ind. Ord. p/e ratio	11.13	12.38	12.58
Long-term Govt. Bds. per cent.	5.73	5.62	6.82

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Polaroid	260,000	31¼	−2¼
Pamida	166,300	5⅞	−⅛
CITI	129,400	28	—
Texaco	118,400	23½	—
S. West PS	109,400	10	—
Kresge SS	104,300	27⅛	−⅛
Masonite	103,800	19	−⅛
Clark Equipment	103,700	24½	+⅛
Westinghouse Elec.	100,400	13½	−⅛
Hughes Tool	99,000	43½	−1½

TORONTO

INDUSTRIAL INDEX

Sept. 16	Sept. 15	1975 High	1975 Low
177.29	178.68	196.50 (15/7)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Sept. 16	Sept. 15	1975 High	1975 Low
183.09	184.90	205.61 (15/7)	139.95 (2/1)

COMBINED INDEX

Sept. 16	Sept. 15	1975 High	1975 Low
179.60	180.50	198.90 (15/7)	138.08 (2/1)

JOHANNESBURG

	Sept. 16	Sept. 15	1975 High	1975 Low
Industrials	202.5	202.4	236.9 (16/7)	138.2 (23/1)
Gold	229.6	228.2	379.1 (2/1)	220.3 (12/9)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Sept. 12	Sept. 11	Aug. 22
On Dividends	7.22	7.22	7.60
On Earnings	12.54	12.64	13.43

SYDNEY ALL ORD. INDEX

Sept. 16	Sept. 15	High 1975	Low 1975
375.10	374.49	465.55 (4/6)	288.83 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Sept. 16	Sept. 12	High 1975	Low 1975
504.30	505.56	533.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ●

Sept. 16	Sept. 15	High 1975	Low 1975
302.84	298.63	341.57 (9/6)	150.42 (9/1)

SINGAPORE INDEX §

Sept. 16	Sept. 15	High 1975	Low 1975
219.62	219.21	268.69 (11/5)	155.40 (8/1)

EUROPE

	Sept. 16	Previous	1975 High	1975 Low
Belg'm (a)	103.30	103.62	111.81 (16/5)	89.07 (2/1)
Denm'k (b)	95.55	94.38	94.51 (15/9)	73.06 (13/1)
France (d)	64.5	65.1	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	624.7	627.0	726.1 (15/4)	575.5 (2/1)
Holland (f)	90.0	90.7	107.6 (6/5)	85.8 (2/1)
Italy (g)	80.26	81.07	108.86 (21/2)	80.04 (21/8)
Spain (h)	94.12	94.94	110.54 (22/4)	94.12 (16/9)
Sweden (k)	342.0	328.38	372.0 (16/9)	310.3 (8/1)
Switz'rl'd (m)	242.6	245.6	281.1 (6/5)	206.3 (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961 (e) Commerzbank December 1953 (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74 (k) Stockholm Industrial 1/1/59 (m) Swiss Bank Corp. 31/12/58. (n) Unavailable. ● Hang Seng Bank 31/7/64 § Straits Times 1966 (c) Closed † Adjusted.

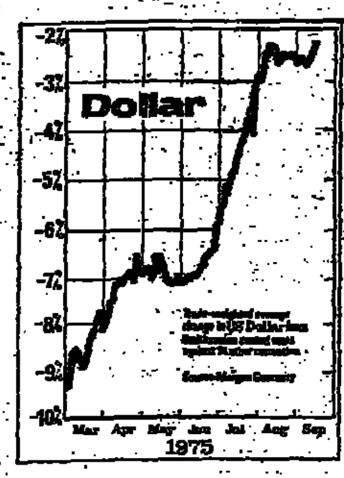
$ improves

The U.S. dollar made further gains against most major currencies in the foreign exchange market yesterday, following publication of the U.S. industrial production figures for August, which recorded a 1.3 per cent. rise, the highest in nearly three years. The strong early demand for the U.S. unit was maintained and it closed at its best levels in many centres. The dollar's trade-weighted average depreciation against 14 major currencies since the Washington Currency Agreement of December 1971, as calculated by Morgan Guaranty of New York, on noon rates, improved to 2.25 per cent., from 2.49 per cent., the best level since January 1974.

The pound was weaker against currencies in general, partly as a result of the strength of the dollar and also because of fears over a strike in the steel industry. Its trade-weighted average depreciation against ten major units since the Washington Agreement (as calculated by the Bank of England) widened to 27.6 per cent., from 27.4 per cent., having remained at 27.4 per cent. in early dealings and at noon. Sterling's depreciation on the Morgan Guaranty basis widened to 33.21 per cent., from 32.89 per cent.

In terms of the U.S. unit sterling started at $2.1020-2.1030, and touched a high point of $2.1035-2.1045, before falling sharply to $2.0875-2.0885, its lowest level ever against the dollar, and it finished at the lowest ever closing rate of $2.0905-2.0915, a fall of 1¼ cents on the day.

Gold lost $1¼ to close at $146¾-147¼, its lowest level since September 1974, but trading was only moderate with a general lack of interest shown in the metal. The krugerrand finished at $151½-153½ (£72½-73½) in the domestic and international markets. The premium over its gold content was 3.65 per cent.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to:	Sept. 16	Sept. 15
Sterling	0.562128	0.562392
U.S. dollar	1.18288	1.18288
Belgian franc	46.1681	45.8857
Deutsche mark	3.07729	3.07490
French franc	5.25508	5.24785
Italian lira	797.639	796.758
Japanese yen	352.330	—
Dutch guilder	3.16121	3.15415
Swedish krone	5.23085	5.22301

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Sept. 16	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't.	—	2.610-611	58.56-62	6.65-67	5.475-485	96.97-97.41	96.27-37
N. York	38.18-20	—	22.40-42	2.560-561	2.0895-90	37.22-26	36.83-92
Paris	170.60-90	4.441-451	—	11.37-42	9.331-3555	166.25-65	164.20-60
Brussels	15.02-08	39.20-25	8.77-80	—	82.26-45	14.83-89	14.47-52
London	6.46-47	2.0905-15	9.31½-32½	81.96-82.16	—	5.61-62	5.64½-65½
Am'erdam	102.615-685	2.6732-57	60.10-15	6.8505-65	5.6156-6205	—	98.255-805
Zurich	103.71-85	2.7110-25	60.80-87	6.93-94	5.6730-96	100.99-1.10	—

U.S. in Montreal: U.S. $1=102.52-54 Canadian cents.
Canadian $ in New York: $C1=97.50-52 U.S. cents. U.S. $ in Milan 674.35
Sterling in Milan 1,416.60.

EURO-CURRENCY INTEREST RATES*

Sept. 16 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	9½-10	6-6½	6¼-7¼	1⅛-1½	3¾-4	2-2½
7 days notice	9½-10	6⅛-6⅝	6¾-7¾	2⅜-2⅝	3⅞-4⅛	1¾-2
Month	10⅛-10½	6⅝-7⅛	8⅛-8½	3-3¼	3½-3⅝	2⅛-2⅜
Three months	10¾-11⅛	7⅜-7⅞	8¾-9⅛	3-3⅜	3½-3⅝	2⅞-3⅛
Six months	11½-11⅞	8⅜-8⅞	8⅝-9⅛	4⅛-4¾	4⅛-4½	4⅛-4⅛
One year	11¾-12⅛	8½-9	8¾-9⅛	5¾-6	5⅛-5⅝	4⅞-5⅛

Euro-French deposit rate short-term 6¾-7¼ per cent.; seven days' notice 6¾-7¼ per cent.; one month 7½-8 per cent.; three months 8-8½ per cent.; six months 8½-9 per cent.; one year 9-9½ per cent.

Longer-term Eurodollar deposits: two years 8½-9 per cent.; three years 9¼-9¾ per cent.; four years 9½-9¾ per cent.; five years 9½-10 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6 15/16-6 13/16 per cent.; three months 7 5/16-7 1/16 per cent.; six months 8¼-8¼ per cent.; one year 8¾-8¼ per cent.

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days' notice for guilders and Swiss francs.

GOLD MARKET

	Sept. 16 1975
Gold Bullion (a fine ounce) Close	$146¾-147¼
Opening	$148-148¼
Morning fixing	$149.00 (£70.329)
Afternoon fixing	$147.10 (£70.048)
Gold coins (domestically) Krugerrand	$151½-153½ (£72½-73½)
New sov'r'gns	$46-47½ (£22-22¾)
Old sov'r'gns	$47½-49 (£22¾-23⅛)
Gold coins Int'n'nally Krugerrand	$151½-153½ (£72½-73½)
New sov'r'gns	$44½-45½ (£21.2-21.8)
OldSov'r'gns	$44½-45½ (£21.2-21.8)
$ 20 Eagles	$229-233
$ 10 Eagles	$111-115
$ 5 Eagles	$73½-73½

FOREIGN EXCHANGE

Sept. 16 1975	Bank Rates %	Market Day's Spread
New York	6	2.0875-2.1045
Montreal	8¼	2.1410-2.1595
Amsterdam	4½	5.59-5.65
Brussels	6	81.59-82.40
Copenh'gen	7½	12.65-12.76
Frankfurt	3½	5.45-5.48
Lisbon	8½	55.00-56.45
Madrid	7	123.40-124.15
Milan	6	1,415-1,418
Oslo	5½	11.58-11.75
Paris	8	9.31-9.35
Stockholm	6	9.29-9.33
Tokyo	7½	620-630
Vienna	6	38.40-38.90
Zurich	4	5.64-5.69

†Basic discount. ‡ Rates given for convertible francs; closing financial franc 84.50-85.00.

OTHER MARKETS

Argentina	474.75-74.95	Argent
Australia	1.6371-1.6498	Austria
Brazil	17.40-17.80	Belgium
Finland	8.04-8.06	Brazil
Greece	69.642-71.358	Canada
H'ng Kong	10.57½-10.61	Denmark
Iran	142.0-144.0	France
Kuwait	0.611-0.621	Germany
Luxemb'g	81.95-82.15	Greece
Malaysia	5.210-5.323	Italy
N. Zealand	1.8563-1.8745	Japan
Saudi Arab	7.55-7.50	Nethrl'ds
Singapore	5.261-5.223	Norway
S. Africa	1.4945-1.569	Portugal
U.S.—		Spain
Canada		Switz'd
C$1=		U.S.
U.S. cents	97.51-97.54	Yugosl'

¶Based on rates quoted by dealers. Other rates may be where: ● Rate given as the rate: financial rate 95.96-96.16. Special financial rate: 136.7 rates nominal.

FORWARD RATES

	One month
New York	0.57-0.57 c.pm
Montreal	0.40-0.30 c.pm
Amst'dam	4¼-3¼ c.pm
Brussels	45-25 c.pm
Cop'n'h'gn	8-3 ore pm
Frankfurt	3¾-2¾ pf. pm
Lisbon	25c.pm-50 c.dis
Milan	2 lire pm-1 lire dis
Oslo	7-4 ore pm
Paris	3½-1½ c.pm
Stockh'm	4-2 ore pm
Vienna	35-10 gro pm
Zurich	4½-3½ c.pm

Six-month forward U.S. dollar pm and 12-month 5.10-5.00c.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1 98¼% (96¼%)

NEW YORK

Stock	Sept. 16	Sept. 15
Addressograph	7½	7¼
Corning Glass	36¼	37⅛
CPC Int'nation'l.	40½	40¾
Crane	44⅜	44½
Crocker Nat.C.P.	20¾	20⅜
Johns Manville	19½	20
Johnson Johnson	80¾	81¼
Johnson Control	11⅝	11⅝
RCA	16½	16⅛
Reading	2⅛	2⅛
Republic Steel	31⅛	31¼
Zenith Radio	19½	19⅝
Chile 5% 1995	†80¾	†80½
Peru 5% 1995	†95	†95

CANADA

GERMANY ♦

Sept. 16	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	72.8	+0.8	—	—
Allianz Versich.	446		17	1.9
B.M.W.	222.5	−3.5	14	3.2
BASF	130.6	−1	17	6.6
Bayer	110.2	−1.2	17	7.3
Bayer Hypo	299	−2.5	18	3.1
Bayer Vereinsbk	328.8	−1.5	18	2.7
Commerzbank	197	−0.8	17	4.3
Conti. Gummi	77	−0.1	—	—
Daimler	313.5	−1.5	15	2.4
Degussa	225	+2.5	18	4.0
Demag	169	+5		
Deutsche Bank	304.9	−0.1	20	3.3

MILAN

Sept. 16	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	1,031	+2	—	—
ANIC	706.5	−0.5	60	8.5
Ausonia Ass.	4,050	−20	130	3.2
Bastogi	1,245	−15	70	5.6
Breda	2,205	−95	150	6.8
Burgo	11,300		200	1.7
Cantoni	7,510	−50	200	2.7

AUSTRALIA

Sept. 16	Aust. $	+ or −
Acrow Australia	†0.65	
Adelaide Brighton Cem. 50c	†0.91	
Allied Mfg. Trdg. Indus $1	†1.50	
Ampol Exploration	†0.70	
Ampol Petroleum	†0.43	
Assoc. Minerals	†2.50	
Assoc. Pulp Paper $1	†0.76	

PARIS

BRUSSELS

AMSTERDAM

SWITZERLAND ●

TOKYO †

Source Nikko Securities Tokyo

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

JOHANNESBURG

MINES

September 16

Anglo American Corpn.
Buffelsfontein
Charter Consolidated
Consolidated Gold
East Driefontein
Elsburg
Harmony
Kinross

INDUSTRIALS

SPAIN ▼

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

هكذا من الأصل

FARMING AND RAW MATERIALS

...ile and ...azil in ...pper deal

SANTIAGO, Sept. 16.

...IAS agreed to sell Brazil ... tonnes of copper over ..., beginning in 1976, ... Ministry Under Secre-... Rube Schindler, said ... includes 40,000 tonnes in ... in each of the fol-... two years, 60,000 in 1979 ... similar volume in 1980. ...

... may cover copper ... from 1980 partly ... of Chilean concen-... Mr. Schindler said Chile ... undertake long-term ... of concentrates under ... surpluses would be ... to Brazil. Reuter

...mers' wives ...ew milk ...e protest

... Times Reporter ... FARMERS' wives to-day ... a protest rally at ... Warwickshire, in a ... for Government action ... the dairy industry. ... strong delegation of ... wives, with others ... Herefordshire, West Sussex, ... and Hertfordshire, will ... the payment of higher ... for farmers. ... plan to present a peti-... Milk Marketing Board ... Sir Richard Trehane, ... National Agricultural ... at Stoneleigh where a ... meeting of milk producers ... held in conjunction with ... Dairy Farming event.

.../ROMANIA ...ICULTURE ...OTOCOLS

...ASHINGTON, Sept. 16. ... protocols had been signed ... and the U.S. provid-... exchanges of agricultural ... the U.S. Department ... of Agriculture (USDA) said here. ... also provide for informa-... anticipated Romanian im-... U.S. agricultural products ... operative activities in tech-... agricultural areas. ... permanent working group on ... agricultural co-operation and trade ... be established, and would ... less than once a year. ... USDA said Romania would ... by November of each ... details of its plans for im-... agricultural commodities ... the U.S. in the coming year.

Housewives urged to buy more British meat

BY PETER BULLEN

THE FIRST national campaign to promote British beef, lamb and pork sales was launched yesterday.

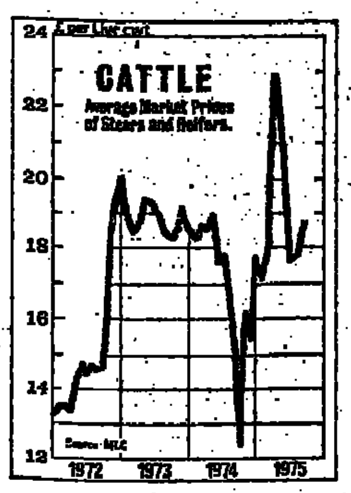
A short-term autumn advertising campaign, costing £250,000, which urges housewives to "have a bigger bit" of meat is aimed at countering the expected autumn "flush" of beef cattle on the market.

The new Meat Promotion Executive from now on will spend most of its £1.4m. a year income (provided by a levy on all meat animals slaughtered) on boosting British meat sales. It said that the long-term objective was to ensure continuing worthwhile returns for producers and distributors, coupled with consistent value and quality.

It is because of the need to retain producers' confidence that the autumn campaign is going ahead despite the recent rise in livestock auction prices.

Last week the U.K. average fatstock price rose by 34p, to £18.70 a live cwt. Yesterday it was £18.78, up 20p over the previous Tuesday's figure. But the rise may be due to heavier than usual trade purchases in expectation of a rise in consumer demand resulting from the campaign.

Launching the campaign, Mr. Ken Allright, chairman of the Executive, said British housewives spent some £3.3bn. a year on meat.



While the average price of all foods had gone up by over 45 per cent. in the past two years, British meat prices had risen by only 31 per cent., he said.

The meat industry was notorious for fluctuations in prices. Nobody wanted these violent swings in prices—least of all the housewife. Stable prices at reasonable levels were the aims of the Executive, which wanted to develop and sustain "a chain of confidence."

Emphasising the need to retain producers' confidence, Executive vice-chairman, Mr. Colin Cullimore, said prices should rise steadily throughout the winter so that by next spring producers would be receiving the full £25-£26 a cwt from the market.

This might mean an overall average rise of 14p a lb on retail prices of beef, but it would help to guarantee future beef supplies if the EEC refused to allow the U.K. to continue with its system of supporting the beef market by giving producers variable premium deficiency payments.

At present, beef farmers know that, if their returns from the market (plus the EEC headage payment of £14.27 or about £1.55 a cwt) fall below the Government's target prices, the difference is made up by a variable premium payment. The target prices range from £21.90 a cwt now to nearly £26 in February.

This provides the "floor" in the market which producers were demanding last year, which is in turn further underpinned by sales into EEC intervention cold stores if prices fall too far.

U.S./Soviet grain pact likely

MOSCOW, Sept. 16.

THE HEAD of a U.S. team negotiating a long-term grain sales agreement with the Soviet Union said to-day he was optimistic that a deal would be concluded within the next few weeks.

Mr. Charles Robinson, Under-Secretary of State for Economic Affairs, said he had had five days of intensive and constructive negotiations with the Russians, but could not comment yet on details of a probable agreement.

It would be a "multi-year agreement involving a substantial amount of grain" with firm commitments both from the supplier and from the purchaser.

Washington proposed the Moscow talks after heavy Soviet purchases on the international markets pushed up grain prices, leading to protests in the U.S. that food prices should be safeguarded against the effects of erratic Russian buying.

Speaking at Moscow airport before leaving for home, Mr. Robinson said he would be back in the Soviet capital soon to continue the discussions. "It is very likely that we will have an agreement within the next few weeks," he added.

The two sides had held talks "of a very preliminary nature" on the prospects for Soviet grain buying in the U.S. being balanced by regular sales of oil in return.

In St. Louis last week, President Ford said the subject was being discussed in the framework of a deal, which would hold for five years, laying down maximum and minimum amounts of grain that would be sold every year.

The U.S. Administration, in answer to criticism particularly from labour leaders and in Congress, has imposed a temporary halt on any further sales to Russia above the 10m. tonnes already contracted. But Mr. Robinson denied that there was any question of an ultimatum to pressure the Russians into agreeing to a long-term pact. "There is no commitment beyond the undertaking to explore the possibilities of such an agreement."

He and his team conducted a total of 12½ hours of talks with Soviet officials. Their meeting was the first of its kind between the two countries. It was also the first tacit admission by the Russians that soon they would be unable to feed themselves.

The Under-Secretary said he felt the seriousness of both sides during the discussions proved that the USSR, faced with a serious shortfall in its grain harvest this year, was reconciled in principle to the concept of long-term food deals.

"We agree on both sides that it's in our mutual interest to reach an agreement on a long-term and multiple-year basis."

A firm agreement on yearly sales would be the first between the U.S. and a foreign country. Existing arrangements with countries such as Japan lay down no obligatory limits on either buyer or seller.

The Russians' change of heart from their previous insistence that they need to make only occasional food purchases abroad was prompted by what seems likely to be the country's worst grain crop since the disastrous 168m. tonne harvest of 1972 — with a chance that it may be even less.

Reuter

USSR sugar beet crop 'not bad'

MOSCOW, Sept. 16.

THE SOVIET Government newspaper, Izvestia, has said the outlook for this year's sugar beet harvest is "not bad," despite unfavourable summer weather.

Western observers said the term "not bad" usually meant that a crop looked as though it would fall below target, although not disastrously so. Its use now appeared to confirm U.S. estimates that output this year would drop by about 10m. tonnes below the planned 94m. tonnes.

After four years of disappointing beet crops and below-target sugar production, the Soviet Union this year was making a concerted effort to recover.

Soviet officials have declined to give an estimate but a spokesman for the import-organisation, Prodintorg, said last month no imports were planned beyond traditional purchases in Cuba.

From Bonn, meanwhile, the Sugar Industry Association reported that average sugar beet weight recorded in West Germany's latest test was 705 grams, against 712 at the corresponding time last year.

Sugar content was down to an average of 102.4 grams, from 109.2 and average leaf weight was 688 grams, compared with 937. However, the average number of beet per hectare was 66,200, against 64,900.

Reuter

Record rise in Taiwan rice crop

TAIPEI, Sept. 16.

TAIWAN'S FIRST rice harvest this year fell below target because of poor weather, but still registered a record increase, said Taiwan Governor Shieh Tung-min.

He said 1,320,000 tonnes of rice were harvested in the first crop —up to 30,000 tonnes over the corresponding harvest last year. The target set for the first crop yield this year was 1,356,000 tonnes.

Failure to meet the target was attributed to heavy rain in the rice-growing areas during the first half of June.

"Barring the unpredictable, a bumper harvest for the second rice crop is assured," the Governor said. The production goal for the second rice crop was 1,344,000 metric tons.

Reuter

CALIFORNIA PEACHES

Rain turns glut into shortage

BY ART GARCIA

UNSEASONAL SUMMER rain in California's central San Joaquin Valley has turned a threatened glut of clingstone peaches into a 15,000-ton shortage. And Mr. Ronald Schuler, president and manager of the Peach Growers' Association, says: "If we don't have good weather over the final weeks of the harvest, the losses could be even greater."

Production of clingstone peaches in California had been expected to reach 760,000 tons this year—five per cent. below 1974's 790,000 tons. This would have been enough to produce a market glut that threatened to force out of business some growers who would not have been able to sell their crops.

Farmers and the California Canning Peach Association scrambled to find buyers for the anticipated 20,000 tons of unsold clings. They offered the excess to the U.S. Department of Agriculture for the federal school lunch programme; appealed to processors to buy more peaches than originally ordered; and attempted to sell the canning clings as fresh fruit through a large co-operative grocery outlet.

One-inch fall

But overnight the surplus problem was changed into a shortage by rain in central San Joaquin Valley, the world's largest peach-growing area. Up to one inch fell in a day, on August 18, wiping out about 35,000 tons of canning clings, valued at about $4.5m.

"Once the rains came, canneries bought all the remaining fruit," said Mr. Schuler. "Some varieties, depending upon their maturity at the time of the rains, have been hit not only by brown rot — a natural occurence after rain — but also by heavy fruit drop, where the fruit just comes loose and falls to the ground."

Because of the sudden shift from oversupply to shortage, growers who had been facing possible bankrupty had been saved by the rain. Others whose orchards were hardest hit by the rain, still would suffer some revenue loss this year.

Besides direct crop loss from rain in the middle of the nine-to-11-week harvest season, the quality of this year's surviving fruit also has been reduced. Off-grade clings now account for 11.5 per cent. of the crop, compared with 10.1 per cent. last year.

"We had problems with the quality of fruit on the trees even before the rain came, because of the unusually late spring this year and adverse weather conditions then," Mr. Schuler said. "It's not a vintage year for quality."

The Cling Canning Association believes this year's final California peach crop will be about 8 per cent. less than last year's allowing for the rain damage. Last year 716,895 net tons were sold and 791,856 gross tons, compared with this year's estimated gross crop of 760,000 tons before the rains.

Some secondary schools in the San Joaquin Valley have delayed the opening of the autumn school term so that students may continue harvesting the delayed cling crop.

"We're kind of concerned whether we'll get all the late peaches off in time because the harvesting is running a week to a week and a-half late," said Hugh Sinclair, agricultural commissioner in Stanislaus County, the heart of California's peach growing region. "Canneries have to end their peach processing in September so that they can prepare for the tomato crop run. It could be a problem."

Freestones

California freestone peaches, primarily a table fruit, were not as badly damaged by the rain as were the clings. Production of California's freestones is estimated at 200,000 tons this year, while last year's was 226,000 tons.

Freestones are sold fresh, dried or frozen, while clings are marketed only to processors as a canning fruit—except for 80 tons sold this year directly to the public for home canning.

Exports of canned clings and fruit cocktail have fallen in the past two years because of heavy competition from Greece, South Africa and Australia. "Those countries have to export a large percentage of their pack so our export volume has dropped off considerably," reports Mr. Schuler.

Canada is the largest market for California cling peaches overseas, followed by the Common Market, where the canning association hopes to expand its sales.

"Business has fallen off there in recent years, particularly in West Germany," said Mr. Schuler. In 1974, about 2.1m. cases out of a total pack of 28.9m. were shipped overseas, the second lowest export level in 18 years. Prospects for 1975 crop exports were not very bright.

Kenya's sugar expansion scheme

BY OUR OWN CORRESPONDENT

NAIROBI, Sept. 16.

IN A RACE between population rise and production, Kenya plans to be self-sufficient in sugar by 1985. Big plans are now in the pipeline to expand production with the building of new factories and the extension of plantations.

Kenya's sugar consumption is at present 240,000 tons a year, of which 80,000 tons is imported at a cost of £K16m. in foreign exchange.

Mr. Jesse Opembe, chief executive of Kenya's Sugar Authority, said that the big problem being faced is that the rise of sugar consumption in Kenya is running at 7 per cent. "Somehow we have to catch up, otherwise we shall be spending foreign exchange on imports for ever," he declared.

He outlined plans for increasing the capacity of Kenya's five existing sugar factories, including Mumias and Chemelil, managed by Bookers, from 160,000 tons to 200,000 tons a year. Five new factories are going up. An agreement with a French group has been signed for a £K12m. factory at Nzoia. The Mehta group of India has conducted a feasibility study for a factory in the Awendhe valley.

The factories will take two years to build and when completed they will each produce about 60,000 tons a year. Studies for three more factories in the Tana river basin, the Yala swamp and at Busia where sugar can be grown by irrigation, are being undertaken.

There has been some criticism of locally produced sugar on account of its "dirty white colour" due to the 10 per cent. molasses content.

...OMMODITY MARKET REPORTS AND PRICES

...E METALS

...R—Lost ground on the London ...xchange. After opening at ...vernight levels, prices eased in ...itions. Forward metal traded ...393 on the morning Kerb, with ... selling in evidence. In the ... however, helped by the ...ent on Comex after the easter ...oupled with the weakness of ...gainst the dollar, prices here ... with forward metal trading up ...ore ending at £594.5. Turnover ...es.

	a.m. Official	+ or −	p.m. Unofficial	+ or − †
	£	£	£	£
	571-.5	−5	572-3	−3.5
	593-.5	−3.5	594-.5	−3.5
	571.5	−5	—	......
	558.5-9	−3.5	559-60	−3.25
	579-80	−3.75	580.5-1.5	−3
	559	−3.5	—	......
	—	......	*63-63.7	......

Amalgamated Metal Corp. reported that in the morning, cash wirebars traded at £573, 71.5, three months £596 to 93. Cathodes: cash £599, three months £560. Kerbs: Bars: three months £593, 93.5 to 92, 92.5, 93. Afternoon: Wirebars: cash £570, three months £590.5 to 94.5, 94. Kerbs: Bars: three months £594 to 97.

TIN—Margins lower. The market appeared to be marking time awaiting the outcome of the current ITC meeting in London concerning the possible continuation of export quotas. Modest physical demand was also reported. Turnover 395 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or − †
High Grade	£	£	£	£
Cash	3129-30	+2	3126-8	−3
3 months	3195-6	+5	3192-5	−4
S'ment	3130	......	—	......
Standard				
Cash	3129-30	+2	3126-8	−3
3 months	3195-6	+5	3192-5	−4
S'ment	3130	......	—	......
Straits E	$1990	......	—	......
New York			*356.88	......

Morning: Standard: cash £3,134, 30, three months £3,189, 97, 98, 96. Kerbs: Standard: three months £3,195. Afternoon: Standard: cash £3,128, three months £3,193, 90. High Grade untraded. Kerbs: Standard: three months £3,195, 3,200, 3,203.

LEAD—Eased owing more to lack of interest than any weight of selling, prices being influenced to some extent by the decline in copper. Turnover 3,475 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or − †
	£	£	£	£
Cash	172.5-.75	−.125	171-2	−2
3 months	180.5-.75	−.125	179-.5	−2
S'ment	172.75	−.125	......	......
N.Y. Spot	—	......	19-22¾	......

Morning: three months £180.5, 80.75. Kerb: three months £180.5, 80. Afternoon: cash £171.5, three months £179. Kerb: three months £179.5, 80.

ZINC—Fell away owing to hedge selling and profit-taking which later prompted stop-loss liquidation. Uncertainty about producer selling levels both in Europe and the U.S. continued to affect sentiment. Turnover 4,050 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or − †
	£	£	£	£
Cash	345-.5	−4.87	345-6	−4.82
3 months	358-.5	−5.5	358-.5	−5.12
S'ment	345.5	−4.75	......	......
Prm. West	—	......	*38½-9	......

Morning: cash £347, 46, 45, early Dec. £360, 62, three months £362 to 58.5. Kerb: three months £358, 57.5, 58, 57, 57.5. Afternoon: mid Nov. £353, three months £358. Kerb: three months £359, 60.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 1p an ounce lower for spot delivery in the London bullion market yesterday, at 216.9p. U.S. cent equivalents of the fixing levels were: spot 455.9c (458.2c), three-month 465.1c (467.3c), six-month 475.4c (476.9c), and 12-month 495.5c (498.2c). The metal began at 218-219p (459-461½c), and in moderate activity closed at 220-221p (460-462½c).

SILVER per troy oz.	Bullion fixing prices	+ or −	L.M.E. close	+ or −
Spot	216.9p	−1.0	220.25p	+0.5
3 months	225.0p	−1.0	226.45p	+0.5
6 months	229.5p	−0.5	—	......
7 months	—	......	236.5p	+0.5
12 months	243.1p	−0.6	—	......

LME—Turnover 144 (111) lots of 10,000 ozs. Morning: Mid-Dec. 222.5; three months 223.2, 223.1, 223, 222.8. Kerb: Three months 222.8. Afternoon: Three months 224.5, 224.7, 225, 225.5, 226, 226.4, 226.5. Kerb: Three months 226.5, 226.8, 226.8, 226.7.

COCOA

Prices traded narrowly in thin conditions, closing unchanged, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
No.4 Contract			
September	646.5-48.0	+2.5	649.0-48.0
December	587.0-87.5	+0.75	589.0-85.0
March	566.5-67.0	+0.75	568.5-62.0
May	558.0-58.5	+2.2	558.0-57.0
July	556.0-58.0	−0.75	557.0-55.0
September	554.5-55.0	+1.25	556.0-54.0
December	565.0-57.0	+2.0	—

Sales: 888 (461) lots of 10 tonnes.

International Cocoa Agreement price: Daily 52.69 (52.91) U.S. cents per pound, indicator 15-day average 51.56 (51.38), 22-day average 51.79 (52.03).

FREIGHTS

DRY CARGO—Grain chartering from N. America was again on a limited scale with little change in rate levels and only a small fresh inquiry in circulation. Grain cargoes were booked from U.S. Gulf to Europort at $5.56 f.i.o. for Sept. and from the same loading area to Japan at $10.75 f.i.o. for Oct. A vessel was also fixed for grain from Great Lakes to Antwerp/Hamburg range at $14.25 f.i.o. completing St. Lawrence $8 for Oct.-Nov. Indian Government brokers took a tanker for grain from U.S. Gulf or Atlantic to India at $17 free-discharge for Sept. Miscellaneous chartering included shredded scrap from Michigan to Bilbao at $16 f.i.o. for spot loading. Time-charterers fixed a vessel of 22,300 long d.w.t. for a voyage from Buenos Aires to Japan at $3,700 daily Sept.-Oct. and a vessel of 27,472 long tons for a transatlantic round voyage via Great Lakes at $3,600 daily delivery Antwerp/Hamburg range Sept.

COFFEE

Robusta terminal continued upward trend. Prices opened steady following previous night's close in New York. Dealer interest was mainly confined to the Jan. position. Follow through interest was lacking, however, and levels moved off their highs in a thin session.

Prices closed steadier after a quiet session at largely unchanged levels for much of the afternoon.

Arabicas were quiet 95 points up to unchanged.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
September	735.0-40.0	+3.75	738.0-31.0
November	724.0-27.0	−2.0	728.0-18.0
January	727.0-28.0	−3.75	734.0-20.0
March	732.0-33.0	−4.0	738.0-27.0
May	738.0-39.0	−5.0	738.0-34.0
July	744.0-46.0	−3.0	741.0-40.0
Sept	749.0-54.0	−4.0	747.0

Sales: 702 (882) lots of 5 tonnes.

Latest published ICO indicator prices, U.S. cents a pound. Colombian Mild Arabicas 90.25 (87.50). Other Mild Arabicas 81.25 (79.00). Unwashed Arabicas Santos Fours 85.50 (same). Robustas 76.90 (same). Daily average 85.75 (84.92).

ARABICA CONTRACT (in order buyer, seller, sales)—Oct. 86.70-89.20, nine; Dec. 89.20-89.90, five; Feb. 90.50-90.80, seven; April 91.60-91.50, nil; June 91.20-92.00, nil; Aug. 91.70-92.30, nil; Oct. 91.70-93.20, nil. Sales: 21.

RUBBER

STEADIER opening in the London physical market. Irregular throughout the day, closing quietly steady. Lewis and Peat reported a Malaysian godown price of 137½ cents a kilo (buyer, Oct.).

No. R.S.S.	Yesterday's close	Previous day's close	Business done
Oct.	52.75-54.00	51.75-53.00	—
Nov.	53.25-54.25	52.25-53.50	—
Oct.-Dec.	53.45-55.55	52.20-52.50	53.50
Jan.-Mar.	54.45-54.15	53.00-53.10	54.10-53.25
Ap-Jun.	55.55-55.64	54.81-54.65	55.55-54.70
Jy-Sept	57.35-57.41	55.30-56.40	57.40-56.90
Oct-Dec	58.05-58.10	57.80-57.95	58.15-58.45
Jan-Mr.	47.25-46.50	59.00-59.10	40.25-59.50
Ap-Jun.	41.25-41.55	40.00-40.10	41.30-40.30

Sales: 154 (165) lots of 15 tons.

Physical closing prices (buyers) were: Spot 32.75p (32.5p); Oct. 29.75p (29.25p); Nov. 30.75p (30.25p).

SOYABEAN MEAL

	Yesterday's Close	+ or −	Business Done
	£ per tonne		
October	84.20-84.50	−0.25	85.3-83.2
December	85.90-86.00	−0.1	86.2-84.8
February	87.2-87.5	+0.25	87.4-85.5
April	88.5-88.6	+0.45	87.8
June	89.0-89.7	—	—
August	88.5-89.9	−0.2	89.1-89.0
October	90.0-90.8	−0.38	89.40

Sales: 71 (51) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) higher at £188 (£177) a ton c.i.f. for Sept.-Oct. shipment. White sugar daily price was fixed at £195 (same) a ton.

Prices unchanged over the morning, once more becoming locked in a narrow range in only moderately active conditions. The market began to ease early in the afternoon on some arbitrage selling, but weakness of sterling brought some nervous short covering. Values recovered most of the day's losses by the close. C. Czarnikow reports.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Oct.	178.00-78.05	178.00-79.00	181.50-78.00
Dec.	179.50-78.75	174.25-74.75	179.00-74.25
March	175.50-75.45	171.25-71.50	174.50-71.00
May	170.55-70.70	168.15-68.50	171.00-68.50
Aug.	168.80-68.50	166.00-66.75	169.00-66.00
Oct.	[illegible]	[illegible]	[illegible]
Dec.	163.00-66.00	161.00-64.00	166.00-65.00

Sales: 2,110 (3,785) lots of 50 tons.

Tate and Lyle ex-refinery price for granulated basis white sugar was £228.90 (same) a long ton for home trade and £285 (£282) a long ton for export.

EEC DAILY EXPORT LEVIES—For white and raw sugars, denatured and non denatured, effective Sept. 17. Figures in units of account per 100 kilos with previous in brackets: White—1.96 (1.96). Raw—3.70 (3.21).

GRAINS

THE BALTIC—Coarse grains met a light inquiry, but other sections of the imported grain market remained very quiet and devoid of fresh feature.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent. Nov. £102.50, Dec. £103.50 sellers Tilbury. Sept. 103, Oct. 102.30, Nov. 105.10, Dec. 106.40, transhipment east coast. EEC milling Sept. 62.25, Oct. 63.50 transhipment east coast.

Maize—No. 3 Yellow American/French Sept. 64.50, Oct. 64.75, Nov. 65.50, Dec. 66.25 sellers transhipment east coast.

Barley—EEC feed Sept. 60.25, Oct. 62.50 transhipment east coast.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Sept. 62.30, Nov. 63.75, Jan. 65.80, March 67.90, May 69.50. Business: Sept. 62.30-62.15, Nov. 63.95-63.45, Jan. 66.00-65.60, March 68.00-67.40, May 69.85-69.25. Barley, steady. Close: Sept. 60.75, Nov. 62.30, Jan. 64.55, March 66.45, May 67.90. Business: Sept. 60.75-60.70, Nov. 62.45-62.10, Jan. 64.70-64.35, March 66.50-66.40, May 67.90 only.

HGCA—Location ex-farm spot prices: Soft milling wheat—Humberside £61.85. Feed wheat—Gloucester £60.75, Humberside £59.65. Feed barley—Gloucester £59.00, Humberside £59.65.

WOOL FUTURES

LONDON—Market unchanged, easier, in featureless session, Bache reports.

(Pence per kilo)

Australian Greasy wool	Yesterday's close	+ or −	Business Done
October	157.0-58.0	−1.5	159.0
December	160.0-65.0	−0.5	—
March	167.0-70.0	−1.0	—
May	169.0-72.5	−1.0	—
July	170.0-73.0	−0.5	—
October	178.0-80.0	−1.5	—
December	180.0-82.0	−2.0	181.0
March	183.0-88.0	......	—

Sales: 15 (18) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business)—Oct. 241.7-242.0, 242.0-241.5; Dec. 248.3-248.4, 248.5-248.2; March 255.5-256.0, 256.1-255.8; May 261.5-262.2, 262.2-261.5; July 264.3-264.5, 264.5-263.8; Oct. 266.1-267.0, 267.0-266.5; Dec. 267.7-268.1, 268.0-267.5; March 269.0-269.5, 269.0-269.0. Sales 252.

MEAT/VEGETABLES

SMITHFIELD (pence per lb)—Beef: Scotch killed sides 31.0 to 34.0, higher quality killed sides 35.0. English hindquarters heavy 41.0 to 42.0, Eire hindquarters 40.0 to 42.0, forequarters 24.5 to 26.0.

Veal: English bobbies 10.0 to 14.0, Scotch bobbies 10.0 to 12.0.

Lamb: English small 28.0 to 34.0, higher quality small 36.0, medium 28.0 to 31.0, heavy 24.0 29.0. Scotch medium 28.0 to 31.0, heavy 24.0 to 29.0, higher quality hill 32.0. Imported frozen: NZ Dls 30.0 to 31.0, 2's 28.5 to 29.5, 8's 28.0, YLs 27.0 to 27.5.

Ewes: 11.0 to 12.0.

Pork: English under 100 lbs 32.0 to 37.5, 100-120 lbs 31.0 to 37.5, 120-160 lbs 30.0 to 34.0, 160-180 lbs 29.0 to 31.0, 180 lbs and over 24.0 to 27.5.

MEAT COMMISSION—Average fatstock prices at representative markets on September 16: U.K.—Cattle £18.78 per live cwt (+0.20); Sheep 31.2p per pound e.d.c.w. (−0.5); Pigs £4.91 per sc. l.w. (+0.25). England and Wales—Cattle numbers up 2.9 per cent., average price £18.80 (+0.13); Sheep down 12.2, 31.4p (−0.3); Pigs up 2.6, £4.91 (+0.25). Scotland—Cattle up 5.7, £19.18 (+0.53); Sheep up 4.9, 30.3p (−2.3); Pigs down 8.2, £4.99 (+0.34).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Brazilian: 2.80; South African: 2.50-3.20; Californian: 2.50-2.90. Grapefruit—South African: 38 3.35, 40 4.25, 48 4.35, 56 4.55, 72 4.20; Argentine: 4.50-4.60. Lemons—Italian: 5.00; South African: 5.80-6.00; Argentine: 4.50-5.00. Apples—French: Per 20 lbs Golden Delicious 72/84 1.50-1.80, per 28-lb jumble 1.80. Pears—Italian: Per pound Williams 0.10-0.12; French: Williams 0.10. Bananas—Windward Islands: Per 28 lbs 2.70; Jamaican: 2.80. Grapes—Italian: Per approx. 10 lbs Regina 1.20; Belgian: Per 0.50; Spanish: Per 11 lbs Almeria 1.50. Peaches—Italian: Per 14 trays 2.20-2.50. Tomatoes—Jersey: 0.80-1.00. Onions—Spanish: 4/5 2.00-2.70. Melons—Spanish: 1.20-1.80.

English produce: Lettuce—Per 12 round 0.80, cos 1.00. Cucumbers—Per tray 12 1.30, 14 1.20, 16 1.00, 18 1.00, 20 1.20. Potatoes—Per 56 lbs White 2.20, Edwards 2.40. Cabbages—Per bag, Primo 1.40. Marrows—Per 18 0.80. Cauliflowers—Per 12 2.00. Mushrooms—Per pound 0.25-0.30. Tomatoes—Per 12 lbs 0.80-1.00. Runner beans—Per pound 0.20-0.22. Onions—Per 56 lbs 2.30-2.60. Apples—Per pound Bramley's 0.07-0.08, Derbys, Howgates 0.05-0.08, Discovery 0.08-0.09, Worcester Pearmain 0.05-0.07, Cox's Orange Pippin 0.08-0.10, Russets 0.05-0.07. Celery—Per 20 1.50-1.80. Plums—Per 12 lbs Victorias 1.50-2.00 per pound Bush 0.08. Corn cob —Per 12 lbs 0.60-0.80. Cob nuts—Per pound 0.35. Carrots—Per 28 lbs 0.80-1.00. Swedes—Per 28 lbs Devon 1.30, Norfolk 0.90-1.00. Parsnips—Per 28 lbs 2.40. Beetroot—Per 12 lbs 0.90.

JUTE

DUNDEE—Firm. Prices c. and f. U.K. for Sept.-Oct. shipment: BWB £195, BWC £188, BWD £181. Tossa: BTB £197, BTC £190, BTD £183. Calcutta goods firm. Quotations c. and f. U.K. for Sept. shipment: 10 oz. 40 in. £7.02, 7½ oz. £5.37 per 100 yards. Oct. £7.21 and £5.49, Nov.-Dec. £7.41 and £5.66. "B" twills: £22.52, £22.37 and £22.53 for the respective shipment periods. Yarns and cloth very quiet.

LONDON—Quiet. Bangladesh White "C" grade Sept.-Oct. £195. "D" grade Sept.-Oct. £189. A long ton.

CALCUTTA—Steady. Indian Sept.-Oct. Rs.455. Dundee Daisee Sept.-Oct. Rs.425 values. A bale of 400 lbs.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 35 tonnes, bringing the total for the week so far to 115 tonnes. A limited demand continued with a lack of enterprise among customers. Minor purchases centred on Latin American and East African growths. F. W. Tattersall reports.

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GRIMSBY FISH—Supply poor, demand very good. Prices per stone at ship's side (unprocessed): Shelf Cod—£1.70-£2.30, Codlings £1.70-£2.10. Shelf haddock large £2.50-£2.80, medium £2.00-£2.30, small £1.60-£1.90. large plaice £3.60, medium £3.20, best small £2.80, skinned dogfish £3.70, coalfish £1.60, lemon soles £4.20-£4.50, rock fish £1.20-£1.50, reds £1.10-£1.30.

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COPRA—Philippines: Sept. and Oct. $235 per tonne c.i.f. North European ports resellers.

Crisis stocks spending urged in Sweden

STOCKHOLM, Sept. 16.

THE SWEDISH Board of Economic Defence has asked for a near-trebling of its budget, to create stockpiles of strategic imported raw materials which might be cut off in peacetime crises.

The Board, which is stockpiling goods in case of war, asked the Government for 693m. crowns during the fiscal year beginning July 1, 1976, compared to a current budget of 243m.

Most of the additional funds would go into reserves of petrochemicals, synthetic yarns, natural rubber, alloying metals, medicines, hospital supplies and fuels.

The Board's existing stockpile of 500 types of goods for wartime emergencies has a replacement value of Cr.1.6bn.

Reuter

MOLYBDENUM PRICES TO RISE

Noranda Sales Corporation is raising its European molybdenum products prices from October 1. Powdered oxide and briquetted oxide will each go up 6 cents, to $6.72 and $6.83 respectively, while ferro-molybdenum will cost $8.05, against $7.50 previous.

Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

	Sept. 16 1975	+ or −	Month ago
Metals			
Aluminium (w)	£396	......	£396
Free Market cif	£540-550	......	£540-550
Copper§			
Cash Wire Bars (w)	£572.5	−3.5	£615.25
3 months do. do. (w)	£594.25	−3.5	£637.25
Cash Cathode (w)	£559.5	−3.25	£601.5
3 months do. (w)	£581	−3.0	£623.5
Gold......Troy oz.	$147.125	−1.25	$161.875
Lead Cash (w)	£171.5	−2.0	£188.5
3 months (w)	£179.25	−2.0	£197.375
Nickel (w)	£2,081	......	£1,982.8
Free market cif (lb.)	$1.88-98*	......	$1.75-.85
Platinum (b) troy oz.	£81-85‡	......	£81-85‡
Free Market	£74.5	−0.5	£79.6
Quicksilver (76lb) (z)	$110-115	......	$110-114
Silver Troy oz.	216.9p	−1.0	226p
3 months	225p	−1.0	235p
Tin Cash (w) §	£3,127	−3.0	£3,207.5
3 months (w)	£3,193.5	−4.0	£3,266
Wolfram 22.04lb. cif	£42-45.5	......	£40½-42½
Zinc Cash (w) §	£345.5	−4.825	£357.5
3 months (w)	£358.25	−5.125	£370.75
Producers (w)	£360	......	£360
Oils			
Coconut Malayan	‡	......	‡
Groundnut 5%	£457	......	£462
Linseed Crude (w)	£435	......	£452
Palm Malayan (a)	£205	......	£215
Soyabean (w)	‡	......	‡
Seeds			
Copra Philipp ton	$235	......	$242.5
Gr'nuts Nigerian	‡	......	£182
Linseed Can No. 1	£169.5	−1.5	£180.5
Grains			
Barley EEC	£60.25	......	£63.5
Home Futures	£60.75	−0.5	£62.85
Maize			
French No. 3 Am.	£64.5	+1.0	£68.75
S.A. Yellow	‡	......	‡
Wheat			
No. 1 Red Spring	‡	......	‡
No. 2 Hard Winter	‡	......	‡
Australian (f.a.q.)	‡	......	‡
English Milling	£66	......	£63.5
Cocoa Shipment (u)	£627.5	+0.5	£620
futures Dec	£587.25	+0.75	£586.75
Coffee shipment (c)	‡	......	72
futures Nov. (Ulb)	£725.5	−2.0	£778
Cotton 'A' Index cent	55.6	+0.05	55.85
Jute LJABWC (d)	£195	......	£195
Rubber......kilo	32.75p	+0.25	35p
Sisal EA3L (w)	$600	......	$600
Sugar (Raw)	£180	+3	£217
Wooltops 64s......kilo	195p	......	195p
Clove (Madagaska)	£2,400	......	£2,550
Pepper White......ton	£890	−5	£900
Black......ton	£686	......	£700

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h Nov. k Aug.-Sept. u Metric tons. r September. v Aug.-Oct. s July-Aug. t Nov. q May-June. w Nov.-Jan.

FINANCIAL TIMES

Sept. 16	Sept. 15	Month ago	Year ago
179.31	178.65	185.88	196.70

(Base: July 1, 1952=100)

REUTER'S

Sept. 16	Sept. 15	Month ago	Year ago
1155.5	1158.4	1165.9	1212.4

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Sept. 16	Sept. 15	Month Ago	Year ago
Spot	316.38	315.30	330.75	364.25
Futures	297.60	296.87	315.40	334.38

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 16	Sept. 15	Month ago	Year ago
Sple Commty	808.3	805.4	811.4	810.2

(Dec. 31, 1931=100)

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HIDES—Birmingham. Slightly weaker. Second clear ox 31-35½ kilos 21p per kilo; 26-30.5 kilos 23p; 22-25.5 kilos 24.6p. Light cows 23.1p. No calf offered.

U.S. Markets

Chicago grains higher

NEW YORK, Sept. 16.

SILVER edged lower on Commission House liquidation, while copper declined on chartist and trade selling. Sugar and cocoa closed lower in sympathy with gold and silver. Chicago grains finished higher across the board on chartist and Commission House buying, Bache reports.

Cocoa—Sept. 60.50 (61.35), Dec. 53.78 (54.40), March 50.15, May 49.40, July 48.90, Sept. 48.35, Dec. 47.75. Sales: 663.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams 90.00 nom. (same). "C" Contract: Sept. 80.20-80.50 (80.00), Nov. 82.00 bid (81.80), Dec. 82.50-82.45, March 82.25-82.15, May 83.50 bid, July 82.80-83.30, Sept. 83.20-83.75. Sales: 268.

Copper—Sept. 55.10 (56.10), Oct. 55.40 (56.40), Nov. 55.90, Dec. 56.40. Sales: 2,738 lots.

Cotton—Oct. 52.80-52.85 (52.87), Dec. 53.62-52.75 (53.38), March 54.41-54.50, May 54.80, July 55.40-55.50, Oct. 55.70-55.85, Dec. 56.15-56.25, March 56.15 bid. Sales: 1,005.

ΦGold—Sept. 145.40 (147.50), Oct. 145.90 (148.10), Nov. 146.90, Dec. 147.70, Feb. 150.10, April 152.40, June 154.80, Aug. 157.20, Oct. 159.60, Dec. 163.10. Sales: 1,389.

Greasewool—Spot 15.50 nom. (157.5 nom.), Oct. 154.0-158.0 (156.5), Dec. 150.0-155.0 (154.5), March 148.0-149.0, May 149.0-151.0, July 146.0-155.5, Oct. 146.0-152.5, Dec. 146.0-154.0.

†Lard—Chicago loose 32.50 (same). NY prime steam 34.00 nom. (same).

††Maize—Sept. 312½-312 (306¼-306½), Dec. 306½-307 (300½-301), March 314¼-314, May 316½-316, July 316-315½.

‡‡Silver—Spot 461.00 (461.50), Sept. 457.00 (460.50), Oct. 458.20 (461.50), Nov. 462.10, Dec. 466.00, Jan. 470.20, March 479.00, May 487.70, July 495.90, Sept. 504.30, Dec. 516.40, Jan. 520.60. Sales: 4,487.

‡Platinum—Oct. 158.50 (153.50), Jan. 161.50 (161.80), April 165.60 bid, July 169.50 bid, Oct. 173.70 bid; Jan. 177.90 bid. Sales: 357.

*Soyabeans—Sept. 577 (564), Nov. 582-584 (571½), Jan. 593½-593, March 601½-602, May 603, July 611, Aug. 611½.

bSoyabean Meal—Sept. 138.00 (137.30), Oct. 141.80 (137.50), Dec. 144.20-144.80, Jan. 147.50, March 149.50-150.50.

Soyabean Oil—Sept. 24.85-24.90 (24.33), Oct. 24.30-24.25 (23.88), Dec. 23.90-23.95, Jan. 23.70-23.60, March 23.50-23.60, May 23.40, July 23.25-23.30, Aug. 23.15-23.05.

Sugar—Spot 15.65 (15.85). Oct. 15.55-15.65 (15.82), Jan. 15.24 nom. (15.58), March 15.00-15.03, May 14.91-14.95, July 14.80 nom., Sept. 14.88 nom., Oct. 14.55-14.57. Sales: 4,116.

Tin—295.00-416.75 asked (same).

**Wheat—Sept. 419 (415), Dec. 431-430 (426-427), March 442-441½, May 448, July 423.

WINNIPEG, Sept. 16. ††Rye—Oct. 315½ (316), Dec. 301½ bid (296), May 309½ bid, July 302 nom.

cOats—Oct. 153½ bid (151½), Dec. 149½ bid (147), May 153½ bid, July unquoted.

§Barley—Oct. 232½ bid (230½), Dec. 226½ bid (225), May 232½ bid, July unquoted.

dFlaxseed—Oct. 797 bid (791), Nov. 788 bid (765), Dec. 757 bid, May 740 bid, July 710 nom.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 560½ (561½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—110-ounce lots. † Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

COMPANY NOTICES

GRANGES AB
THE GRANGESBERG COMPANY

6¼% LOAN 1987

S. G. WARBURG & CO. LTD., announce that Bonds for a nominal value of U.S.$900,000 have been purchased for redemption on 16th October, 1975.

30, Gresham Street, London EC2P 2EB
17th September, 1975.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the Ordinary Shares of 25p each of Imperial Group Limited will be CLOSED for one day only on 1st October, 1975, and that warrants in respect of the interim dividend for the year ended 31st October, 1975, will be posted on Thursday, 30th October, 1975, for payment on Monday, 3rd November, 1975, to Ordinary Shareholders on the Register at the close of business on 30th September, 1975.

By Order,
P. M. DAVIES,
Secretary.

London.
17th September, 1975.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the 6.9% Unsecured Loan Stock 2004-09, the 7.5% Unsecured Loan Stock 2004-09, the 8% Convertible Unsecured Loan Stock 1985-90 and the 10.5% Unsecured Loan Stock 1990-95 of Imperial Group Limited will be CLOSED for one day only on 1st October, 1975, for the preparation of interest warrants.

By Order,
P. M. DAVIES,
Secretary.

London.
17th September, 1975.

STOCK EXCHANGE REPORT

Leaders make further progress but close below best

Index up 4.2 at 326.0, after 329.0—Golds lower again

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 8	Sep. 18	Sep. 19	Sep. 30
Sep. 22	Oct. 2	Oct. 3	Oct. 14
Oct. 6	Oct. 16	Oct. 17	Oct. 28

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets put on another firm performance yesterday, but reports that the fresh round of steel talks had not resulted in agreement brought a fairly marked turnround in sentiment during the late afternoon. Earlier gains in the leaders were pared by two or three pence and the FT 30-share index which touched its best of the day at 3 p.m. with a rise of 7.2 finished 4.2 higher on balance at 326.0. Trading conditions were again rather thin and most of the business was of a professional nature.

British Funds behaved in similar fashion, but prices here mostly ended at overnight closing levels after showing initial improvements ranging to ⅜. The Government Securities Index was barely altered at 61.22.

There was a slight expansion in business—official markings of 5,101 compared with 4,596 yesterday—and the rise in equity markets was fairly widespread. This was reflected in an improvement of 2.1 per cent. to 141.63 in the FT-Actuaries All-Share index. Rises led falls by 3—1 in FT-quoted Industrials. Companies making trading statements created a fair amount of interest, while those involved in bid situations were also well to the fore in the day's proceedings.

Gilts slip late

Having digested bearish factors recently without any ill-effect, British Funds made further improvement until late in the day. Then the tone deteriorated, attributable to the U.S. Congressional Budget Office's prediction that a tighter control on the nation's money supply was likely to "retard the recovery" there in mid-1976. Gains extending to ⅜ among high-coupon longs were generally erased by the close and "after-hours" the easier trend became more pronounced. The situation at the short end of the market was similar and resulted in fractional movements either way at the close. The recently-issued Islington 13¾ per cent., 1980, found support and closed ⅛ up at 10⅛, in £10-paid form.

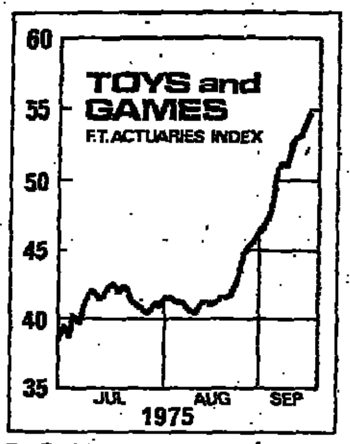
Renewed institutional demand eventually uncovered short positions in the investment currency market and the premium, which had earlier reacted to 94¼ per cent., bounded forward late to close a net two points higher at the day's best of 98¼ per cent. Yesterday's SE conversion factor was 0.6309 (0.6293).

Very little interest was shown in The Corn Exchange when dealings commenced yesterday following the introduction: after opening at 169p, the 10p shares drifted down to close at 165p.

Bank of Scotland up

A modest demand was enough to take the big four Banks into higher ground. Midland led the advance, closing 8 higher at 268p, while Barclays ended 7 better at 282p and Lloyds and National Westminster both ended 5 dearer at the common level of 225p. Bank of Scotland also performed well, rising 10 to 255p on satisfaction with the slightly higher interim profits. Grindlays were unaltered at 41p despite the interim dividend omission and £10m. loss for the half-year. Overseas issues tended higher with Bank of New South Wales 15 to the good at 590p and Hongkong and Shanghai 4 up at 228p. Edward Bates stood out in firm Merchant banks, rising 5 to 45p.

Composite Insurances participated in the general firm trend. In front of to-day's interim results, Eagle Star closed 5 better at 121p, while Sun Alliance gained 10 to 410p and "Royals" 4 to 294p. As on Monday, Lloyds brokers were firm and displayed a tendency to continue higher late. With half-year figures expected to-day, Alexander Howden rose 7 to 137p.



C. E. Heath gained 6 more to 232p.

Helped by modest buying interest, Breweries pushed further forward but closed below the best in places. In thin markets, Morland rose 7 to 275p and Greenall Whitley firmed 5 to 60p. Bass Charrington hardened 3 to 96p as did Vaux at 270p, while Arthur Guinness were 2 better at 120p, after 122p. Allied edged forward 1½ to 68p, after 69p. Elsewhere, Glenlivet were wanted at 155p, up 7, and Macallan Glenlivet improved 5 to 95p.

Buildings attracted a reasonable business and closed with widespread gains. Press comment directed attention to Taylor Woodrow which closed 5 better at 288p, after 292p. A. P. Cement were raised 6 to 163p, while Tarmac, 146p, and Tunnel "B," 143p, put on 5 apiece. Hoveringham Gravel R/V improved 3½ to 19p on speculative support, while similar rises were secured by London Brick, 52p, Marley, 84p, and Mixconcrete, 39p. R. M. Douglas, reflecting trading news, gained 4 to 64p.

ICI continued firmly, rising 4 more to 275p for a two-day gain of 10, while Fisons put on 9 to 385p.

BICC disappoint

BICC improved to 108½p prior to the half-year results, but subsequently came back on the worse-than-expected profits setback to 104p, unaltered on balance. The Post Office's warning that telephone equipment orders may be cut back even more savagely than already feared brought a little further restraint to GEC, unaltered at 119p, and to Plessey, a penny off at 71p. EMI improved to 186p in a thin trade before ending 4 up at 184p, and Thorn Electrical showed a net gain of 7 at 204p, after 206p, while Revrolle Parsons hardened 1½ to 59½p. Outside the Electrical leaders, ESR found favour and rose 7 to 71p in front of to-day's interim results. Audio Fidelity gained another penny at 18p, still on the second-half advance in profits, while Arcolectric closed similarly firmer at 6p and Cohen Bros. 2 up at 50p, both on increased first-half profits.

Although tending easier in the late trade, leading Stores finished with modest gains. British Home Stores were finally 6 better at 326p, after 328p, while F. W. Woolworth, 50½p, and "Gussies" "A," 172p, put on 2 and 4 respectively. W. H. Smith "A" put on 8 more at 376p for a two-day rise of 12. James Walker hardened 2 to 40p on the increased earnings, while Wades Departmental "A," ahead of to-day's results, moved up 4 to 20p. Grattan Warehouses featured Mail Orders, rising 5 to 78p, after 80p, on small buying in a restricted market. In Shoes, Headlam Simms and Coggins firmed 1½ to 12½p in response to Press Comment. Stylo also hardened 1½, to 23½p, but Geo. Oliver "A," reacted 3 to 25p.

A revival in leading Engineerings, although trade remained comparatively moderate, left Tube Investments 6 up at 242p and GKN, interim results due on Thursday, a similar amount dearer at 219p. Vickers, reporting half-yearly results on the same day, rose to 142p before a close of 140p, only 2 harder on balance. Good first-half figures plus the forecast of a significant profits increase for the full year lifted Stone-Platt 5 to 76p, while Barton and Sons were 2 better at 36p following interim figures. Despite the boardroom dispute Trianco hardened ½ to 5½p, while Charles Roberts improved 3 more to 193p on reported remarks by the chairman of a substantial turnround in the company's fortunes this year. Small demand in restricted markets raised Weyburn 10 further to 238p, C. and W. Walker 7 more to 94p and TCK 3 to 103p. Acrow "A" rose to 90p before ending a net 3 firmer at 87p, while Renold advanced 6 to 125p and Serck 3 to 36p. Kwikform revived with a gain of 4 to 60p, but Ricardo Engineers eased 2 to 79p after the preliminary results.

Foods put up a firm showing, although, as elsewhere, best levels were not always held. Tate and Lyle finished 8 higher at 233p after 235, and Cavenham 4 better at 140p, after 142p. RHM, 43p, and Brooke Bond, 37p, put on 2¼ apiece, while J. Sainsbury were raised 5 to 160p. Associated Dairies improved 6 to 210p, while rises of 4 were seen in Linfood, 190p, and Nurdin and Peacock, 90p and B. Matthews put on 3 more to a 1975 peak of 50p.

Ladbroke featured Hotels and Caterers, improving 11 to 182p in active trading following the approval of the "rights" issue proposals at the extraordinary general meeting.

Nairn Williamson fall

Miscellaneous Industrial leaders improved afresh in light trading, but slipped back a little later. Unilever were still 6 up at 384p, after 388p, and Reckitt and Colman were noteworthy for a rise of 8 to 330p. Metal Box recorded a gain of 5 at 247p and Boots were finally 3 better at 117p, after 119p. Nairn Williamson having reacted 6 to 92p on profit-taking, showed no further change "after-hours" when the bid terms from Low and Bonar were announced; the latter receded 5 to 153p following the news, valuing the offer at 98p. James Wilkes weakened 10 to 30p on the first-half profits setback and for a similar reason, Bury and Masco shed a penny to 32p. Bellair Cosmetics, still on the Board resignations, eased a penny more to 13p, but A. Gallenkamp were a bright market, ending 9 up at a peak for the year of 112p in response to increased profits. Higher interim profits left Croydex 3 firmer at 73p, while Stanley Gibbons, 72p, recouped the previous day's loss of 2 which followed the results. Restobell were favoured and rose 9 to 149p, while gains of 6 occurred in Mitchell Cotts Transport, 36p, and Ega Holdings, 55p. Granada "A" improved 5 to 80p and Ferguson Industrial 4 to 86p. Tern-Consulate put on 2 to 19p awaiting to-day's interim results. European Ferries were quoted ex "rights" at 53p, with the new nil-paid closing at 29½ premium.

Garages made a firm showing following a quiet trade. Henlys stood out at 50p, up 4. Wadham Stringer responded to the interim report with a gain of 1 at 19½p, while Lex Service, ahead of to-day's interim statement, picked up a like amount at 16p.

John Wadington highlighted Paper/Printings with a rise of 12 to 107p following demand in a restricted market. Newspapers showed marginal improvements except for Pearson Longman which, on occasional selling, eased 3 to 80p. Elsewhere, Geers Gross revived to close 4 dearer at 50p.

Law Land improve

Business remained thin in the Property leaders and in line with the general trend initial small gains were later trimmed. Land Securities managed to close 3 firmer at 171p, after 172p, while MEPC finished a penny better at 77p, after 78p. Elsewhere, increased half-year profits imparted firmness to Law Land which improved 3½ to 56½p. United Real Property were also supported and gained 10 at 210p. In contrast, McKay Securities receded 10 to 60p in a restricted market.

Conditions in Oils were no different to those obtaining elsewhere, a light trade bringing rises generally disproportionate to actual demand. Most stocks closed below the best with British Petroleum 5 higher at 530p, after 533p, and Shell 4 better at 340p, after 342p. Ultramar followed the pattern, rising to 192p on speculative interest before a close of 188p, up 4 on the day. Domestic market influences were largely responsible for a fall of 20 to 350p in Sunningdale and a rise of 15 to 555p in Siebens (U.K.).

In Overseas Traders, Harrisons and Crosfield improved 25 to 875p, while gains of about 5 were registered in S. and W. Berisford, 170p, and Inchcape, 390p. Sime Darby put on 2 to 69p, but Anglo-Thai following the full report, closed that amount easier at 102p.

The firm trend in Trusts and Financials was marred by Thomas Jourdan which fell 3 to 10p on the interim dividend omission and half-year loss. Dalgety, however, put on 4 to 187p and S. Pearson edged forward 2 to 128p.

Although attracting only a small interest, Shippings closed firmer throughout. Furness Withy at 230p, recovered the previous day's loss of 5, while Ocean Transport were similarly dearer at 109p. Walter Runciman gained 8 to 105p.

Having been supported up to 135p, Courtaulds turned off late to close unchanged on the day at 132p in irregular Textiles. The sharply reduced half-year profits and dividend cut brought about a fall of 2 to 19p in British Mohair Spinners, but improvements of that amount were recorded in A. Beckman, 54p, and S. Lyles, 33p. In front of their interim announcements to-day, Hugh Mackay and Montfort (Knitting Mills) were unaltered at 26p and 23p respectively. A small demand helped Bats harden 5 to 297p in quietly firm Tobaccos.

Golds down again

With Gold falling to its lowest since January 27 last, the modest recovery in prices of the South African producers over the previous two dealing days came to an end. Shares were initially a shade firmer but the easier morning fixing of the metal price renewed, although not heavy, offerings of stock from the Continent and the decline in the afternoon fixing later brought out U.S. ...

The net improvement in the investment dollar premium ... to limit losses but shares ended at the day's lowest. The Gold Mines index eased ... 294.5 while bullion was $1 ... at $147.125 per ounce.

Hartebeest ended a ... lower at £20¼ while S... closed 10 down at 275... Harmony at 710p. On ... hand, Doornfontein were ... up at 335p.

Financials were undecided ... firmness of the U.K. ... market took Gold Fields ... 207p at one time but ... reaction in bullion took ... to 203p to end 3 up on ... Bear-closing ahead of ... interim figures left RTZ ... 162p.

Cape demand pushed ... up to 298p before they ... net 7 higher at 294p. ... were little tested ex ... Bishopsgate which rose ... also reflecting Cape in...

Copper shares eased ... with the metal price. ... RST fell to a year's low ... following unconfirmed ... that the company was ... raise further money for ... Pikwe copper project ... ing the day a net 12 off ... at 54p.

Australians were ... few pence lower where ... reflecting uninspiring markets overnight. Panco... however, rose 15 to 58... remained quiet. Elsewhere ... mines were 1 off at 53p ... the reduced half-year ... dividend.

FINANCIAL TIMES STOCK INDICES

	Sept. 16	Sept. 15	Sept. 12	Sept. 11	Sept. 10	Sept. 9
Government Secs	61.22	61.21	61.03	60.93	61.16	61.37
Fixed Interest	61.61	60.85	60.88	60.88	60.82	60.88
Industrial Ordinary	326.0	321.8	319.5	315.7	320.1	320.3
Gold Mines	294.5	294.9	299.5	288.6	302.2	298.4
Ord. Div. Yld. %	6.34	6.43	6.49	6.54	6.47	6.47
Earnings Yld. % (full) (a)	17.56	17.80	17.98	18.11	17.92	18.00
P/E Ratio (net) (b)	8.08	7.97	7.90	7.84	7.92	7.89
Dealings marked	5,101	4,596	4,125	4,403	4,780	5,140
Equity turnover £m	—	34.84	33.55	38.90	34.56	48.58
Equity bargains total	—	10,679	9,583	10,279	10,769	11,528

10 a.m. 323.4. 11 a.m. 325.3. Noon 328.1. 1 p.m. 328.2. 2 p.m. 328.4. 3 p.m. 329.0.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.96.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.44 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.65 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (6/6)	146.0 (3/1)	543.8 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

—	Sept. 16
Daily— Gilt-Edged	140.4
Industrials	171.0
Speculative	45.6
Totals	115.1
5-day Av'ge Gilt-Edged	144.2
Industrials	151.2
Speculative	44.5
Totals	104.7

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.)	Tues. Sept. 16, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday Sept. 15 Index No.	Friday Sept. 12 Index No.	Thurs. Sept. 11 Index No.	Wed. Sept. 10 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	119.27	+1.7	19.37	6.82	7.69	7.69	117.25	117.32	117.15	118.24	73.04	131.26 (6/6)	51.78 (6/1)	206.57 (4/5/72)	15.70 (13/12/74)
2 Building Materials (30)	113.00	+2.5	15.46	7.10	9.83	9.83	110.45	109.57	110.25	110.90	69.48	117.40 (22/4)	46.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3 Contracting, Construction (23)	224.47	+2.1	16.20	4.12	9.20	9.20	219.39	219.38	219.90	220.57	107.82	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4 Electricals (17)	208.17	+1.6	19.72	5.57	7.45	7.43	204.79	207.03	205.13	209.85	135.71	234.64 (6/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5 Engineering (Heavy) (13)	146.55	+1.0	23.61	7.41	6.46	6.46	145.10	144.50	144.08	145.54	88.30	159.79 (22/4)	64.39 (2/1)	202.57 (8/6/73)	64.39 (2/1/75)
6 Engineering (General) (63)	102.59	+1.8	21.43	8.05	6.90	6.90	100.78	100.70	100.56	101.25	63.27	117.40 (6/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7 Machine and Other Tools (9)	39.61	+0.1	19.68	10.40	9.27	9.27	39.56	39.79	39.57	39.83	28.34	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8 Miscellaneous (24)	102.65	+0.2	22.58	7.65	6.62	6.62	102.44	102.36	102.64	102.32	66.29	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9 CONSUMER GOODS (DURABLE) (57)	94.94	+2.5	18.89	6.49	7.74	7.72	92.66	93.14	92.94	93.38	56.75	94.94 (16/9)	38.39 (6/1)	227.73 (21/4/72)	38.39 (6/1/75)
10 Electronics, Radio TV etc. (15)	115.86	+3.8	17.01	4.62	8.70	8.68	111.52	112.62	111.71	112.54	61.79	115.86 (16/9)	44.28 (6/1)	257.41 (19/5/72)	42.86 (12/12/74)
11 Household Goods (15)	138.02	+0.3	18.64	7.42	7.78	7.78	137.64	137.56	137.68	137.79	93.00	146.90 (25/4)	64.53 (6/1)	265.23 (4/5/72)	63.92 (17/12/74)
12 Motors and Distributors (27)	47.35	+0.8	22.86	9.85	6.39	6.26	46.97	46.92	47.31	47.37	32.36	50.91 (6/6)	19.91 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13 CONSUMER GOODS (NON-DURABLE) (168)	136.12	+2.9	14.84	6.26	9.75	9.68	131.33	130.58	129.56	130.77	78.50	146.45 (6/6)	61.98 (6/1)	228.08 (16/8/72)	61.41 (13/12/74)
14 Breweries (15)	158.05	+3.8	12.65	6.48	11.96	11.96	152.30	149.32	147.31	149.55	88.81	163.85 (6/6)	75.58 (6/1)	281.87 (25/11/72)	69.47 (13/12/74)
15 Wines and Spirits (7)	136.56	+1.5	14.36	7.50	10.51	10.51	133.50	134.31	129.93	133.12	107.59	177.94 (9/7)	80.42 (6/1)	257.40 (15/7/72)	78.88 (13/12/74)
16 Entertainment, Catering (16)	153.69	+3.2	13.58	7.32	11.42	10.84	148.91	148.08	147.74	149.08	75.64	158.44 (27/8)	55.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17 Food Manufacturing (22)	147.25	+3.1	13.95	5.50	9.85	9.81	142.79	142.48	141.77	142.88	75.02	156.57 (6/6)	62.03 (2/1)	211.65 (1/6/72)	59.77 (11/12/74)
18 Food Retailing (16)	139.97	+3.2	10.83	4.60	13.35	13.38	135.69	135.43	132.64	133.05	71.04	149.17 (4/6)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19 Newspapers, Publishing (15)	134.85	+1.0	15.30	7.23	9.96	9.96	133.51	131.65	132.92	133.42	91.92	152.14 (6/6)	58.08 (6/1)	260.29 (18/1/72)	55.08 (6/1/75)
20 Packaging and Paper (13)	91.39	+2.1	24.18	8.05	6.07	6.07	89.54	87.81	86.65	86.89	59.58	107.12 (30/5)	43.46 (6/1)	135.69 (28/4/72)	43.46 (6/1/75)
21 Stores (32)	114.80	+3.4	12.64	5.68	12.10	12.10	111.02	110.58	109.85	110.54	67.55	132.94 (20/5)	52.63 (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22 Textiles (23)	141.58	+2.1	24.36	7.56	4.95	4.83	138.65	138.31	137.25	139.06	91.58	145.07 (27/5)	62.91 (6/1)	255.72 (17/9/62)	62.66 (11/12/74)
23 Tobacco (3)	192.61	+1.9	17.59	6.99	8.65	8.65	188.98	190.11	188.38	191.04	117.67	199.16 (19/3)	109.92 (6/1)	339.16 (2/6/72)	94.34 (13/6/62)
24 Toys and Games (6)	54.88	+1.6	24.81	6.61	5.58	5.58	54.01	53.18	53.07	52.65	30.67	54.88 (16/9)	20.92 (6/1)	135.72 (18/1/70)	20.92 (6/1/75)
OTHER GROUPS (92)															
25 Chemicals (24)	174.91	+2.2	16.29	5.50	8.60	8.60	170.49	168.37	168.92	169.40	98.15	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (11/12/74)
26 Office Equipment (10)	77.67	+0.7	17.71	6.71	7.87	7.87	77.14	75.49	79.53	80.72	63.82	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27 Shipping (12)	350.62	+3.3	23.05	6.89	5.55	5.57	339.34	339.46	338.36	339.82	232.86	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28 Miscellaneous (46)	137.20	+1.8	19.34	7.37	7.57	7.57	134.81	134.39	134.35	135.30	87.63	153.58 (6/6)	60.39 (6/1)	258.85 (2/5/72)	60.39 (6/1/75)
29 INDUSTRIAL GROUP (496)	131.83	+2.4	16.84	6.40	8.59	8.56	128.76	128.15	127.82	128.84	78.95	143.43 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30 OILS (4)	299.65	+1.1	16.79	5.37	6.65	5.95	296.52	295.06	293.56	296.49	155.91	306.59 (5/9)	105.85 (2/1)	431.66 (29/6/69)	87.23 (29/5/62)
31 500 SHARE INDEX	145.76	+2.2	16.83	6.24	8.21	8.00	142.66	141.99	141.56	142.74	85.49	156.14 (6/6)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32 FINANCIAL GROUP (100)	128.45	+2.1	—	5.60	—	—	125.77	124.98	124.59	125.52	80.85	148.45 (30/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33 Banks (6)	153.43	+2.7	19.23	5.21	7.96	7.96	149.46	146.55	146.80	147.89	85.95	177.11 (3/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34 Discount Houses (9)	150.98	—	—	8.01	—	—	150.98	151.45	151.72	152.51	108.30	169.27 (7/4)	84.15 (6/1)	293.15 (2/7/72)	81.40 (10/12/74)
35 Hire Purchase (5)	91.74	+1.6	19.75	9.20	7.25	6.87	90.27	92.06	92.06	91.94	85.48	134.39 (10/3)	42.81 (2/1)	433.78 (4/5/72)	38.83 (11/12/74)
36 Insurance (Life) (9)	110.59	+2.3	—	6.18	—	—	108.09	108.24	106.26	107.22	66.11	127.97 (23/4)	44.88 (2/1)	194.46 (18/3/72)	44.88 (2/1/75)
37 Insurance (Composite) (7)	103.49	+2.4	—	6.45	—	—	101.08	101.06	100.81	101.93	59.14	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38 Insurance (Brokers) (8)	197.74	+2.6	10.22	4.40	14.54	14.84	192.77	191.35	189.97	189.00	99.62	211.50 (30/5)	68.96 (7/1)	262.57 (12/12/73)	65.86 (18/12/74)
39 Merchant Banks (19)	84.19	+1.8	—	5.42	—	—	82.67	80.88	81.56	81.44	56.94	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40 Property (32)	163.70	+1.0	3.66	3.59	44.86	42.60	162.06	162.60	161.41	163.18	154.83	241.22 (22/4)	88.19 (6/1)	357.40 (9/11/73)	56.01 (20/4/65)
41 Miscellaneous (5)	64.20	+1.5	15.80	10.36	9.62	9.41	63.36	63.55	63.71	63.71	53.43	73.78 (25/4)	34.78 (30/1)	303.13 (15/6/72)	33.29 (17/12/74)
42 Investment Trusts (50)	153.95	+0.9	3.23	4.63	31.01	30.99	152.56	153.21	153.47	153.56	91.09	178.53 (6/6)	75.43 (6/1)	246.79 (25/4/72)	71.63 (13/12/74)
43 ALL-SHARE INDEX (650)	141.63	+2.1	—	6.02	—	—	138.73	138.10	137.73	138.79	84.25	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (10)	391.14	−2.2	14.57	8.43	10.12	10.05	400.09	402.56	404.60	407.42	307.09	525.43 (27/5)	281.66 (2/1)	535.37 (23/7/73)	84.68 (25/8/65)
45 Teas (10)	101.89	−0.3	40.25	10.24	3.58	2.46	102.22	102.22	102.39	102.00	66.50	104.15 (16/7)	76.76 (30/1)	121.47 (1/6/72)	59.72 (17/10/74)
46 Coppers (3)	354.94	−1.5	58.63	22.55	1.71	1.71	340.18	347.91	356.68	361.24	329.75	467.74 (27/5)	334.94 (16/9)	567.78 (15/7/73)	94.08 (28/4/62)
47 Mining Finance (11)	113.65	+1.3	10.78	4.41	10.18	10.18	112.16	112.35	113.18	114.84	72.90	141.34 (30/5)	80.58 (2/1)	175.90 (23/4/69)	66.31 (30/9/74)
48 Tins (8)	94.39	—	10.80	9.11	11.92	10.24	94.39	94.39	94.52	93.26	69.31	114.49 (4/6)	58.91 (3/1)	125.45 (12/7/73)	54.83 (27/5/71)
49 Overseas Traders (13)	213.03	−0.7	16.36	4.83	7.82	7.81	211.62	210.21	210.21	209.58	—	252.23 (21/5)	97.37 (6/1)	262.23 (22/6/75)	97.37 (6/1/75)

FIXED INTEREST	Tuesday, Sept. 16 Index No.	Tuesday, Sept. 16 Yield %	Mon. Sept. 15	Friday Sept. 12	Thurs. Sept. 11	Wed. Sept. 10	Tuesday Sept. 9	Monday Sept. 8	Friday Sept. 5	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	14.08	14.08	14.06	14.16	14.05	13.94	14.04	13.92	15.04	—	—	—	—
2 20-yr. Govt. Stocks (6)	50.57	12.88	50.60	50.35	50.31	50.57	50.81	50.84	51.25	47.31	53.09 (20/3)	38.27 (3/1)	113.42 (11/8/63)	38.27 (3/1/75)
3 20-yr. Red. Deb. & Loans (15)	47.77	‡15.43	47.77	47.78	47.78	47.80	47.66	48.13	48.17	42.94	50.68 (21/5)	37.01 (3/1)	113.46 (28/10/63)	37.01 (3/1/75)
4 Investment Trusts Prefs. (15)	46.24	14.95	46.15	46.05	46.06	46.24	46.24	46.28	46.58	38.67	47.50 (29/7)	35.35 (3/1)	114.41 (13/9/63)	34.95 (4/12/74)
5 Coml. and Indl. Prefs. (20)	64.52	14.57	64.75	64.98	64.94	65.06	65.01	65.10	65.55	52.89	68.02 (29/5)	46.35 (3/1)	114.98 (7/10/63)	47.87 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	163.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p.

CONSTITUENT CHANGES: Scrans E. has been replaced by Brammer (H.) (Engineering General). Cameron (J. W.) (Breweries) has been replaced by Martin the Newsagent (Stores).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	16	275	+ 4	302	118
Shell Transport	25p	11	340	+ 4	345	118
Unilever	25p	11	384	+ 6	408	170
Ladbroke Group	10p	10	182	+11	182	56
Barclays Bank	£1	9	282	+ 7	325	112
Boots	25p	9	117	+ 3	138	45½
Marks & Spencer	25p	9	105	—	128	47½
Thorn Electrical	25p	9	204	+ 7	206	74
Allied Breweries	25p	8	68	+ 1½	73	35½
Beecham	25p	8	305	—	310	116
Bats	25p	8	297	+ 5	338	164
Cadbury Sch'pes.	25p	8	50	+ 2	50	17
Cons. Gold Fields	25p	8	203	+ 3	290	188
London Brick	25p	8	52	+ 3	60	15
Woolworth (F.W.)	25p	8	50½	+ 2	55	25½

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 16	Sep. 29	Dec. 10	Dec. 22
Sep. 30	Oct. 13	Dec. 23	Jan. 7
Oct. 14	Oct. 27	Jan. 8	Jan. 22

"Calls" were done in Silvermines, Cavenham and Cons. Gold Fields. A "put" was dealt in Electronic Machines, while "doubles" were arranged in Ladbroke warrants, M. K. Electric, Burmah Oil, Cons. Gold Fields, Grand Metropolitan and National Westminster Bank warrants.

Industrials							
		Grand Met.	7	Slater Walker	9		
		G.U.S. "A"	17	Spillers	5	Mines	
A. P. Cement	15	Guardian	20	Tesco	6	Anglo Amer.	30
Assoc. Leisure	5	G.K.N.	22	Thorn "A"	17	Broken Hill Pty	75
Barclays Bank	26	Hawker Sidd.	27	Tube Invest.	24	Charter Cons.	22
Beecham	28	House of Fraser	6	Unilever	35	Chart'ch'll Fin.	10
Boots Drug	12	Hudson (Wilts)	4	Utd. Drapery	10	Cons Gold	22
Bowaters	16	I.C.I.	21	Vickers	15	De Beers Def.	35
B.A.T.	30	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	7	I.C.L.	7			Great Boulder	12
BOC Int.	5½	Inveresk	7	Property		Hampton Areas	15
Burton "A"	9	Legal & General	13	Cap. Counties	4½	Hampton Prop.	4
Cadburys	6	Lloyds Bank	22	B.P.	8	Kloof	140
Courtaulds	12	"Lots"	5	Int. Europe.	6	Lonrho	13
Debenhams	8	"Mams"	6	Land Securities	18	Lorame	55
Distillers	13	Marks & Sp'ncer	11	Peachey	6	Metals Explor.	8
Dunlop	5½	Midland Bank	25	Town & City	4½	Poseidon	56
Eagle Star	15	Nat'l West Bank	22	Town & Comm.	4	Pres. Steyn	275
E.M.I.	17	P & O Dfd.	10			Rio T. Zinc	20
First National	2	Plessey	8	Oils		Welkom	55
G.R.A. Trust	4	R.H.M.	6	Brit. Petroleum	45	West Areas	76
Gen. Accident	16	Rank Org. "A"	17	Burmah Oil	5	Western M'ng.	18
Gen. Electric	13	Reed Int'l	23	Shell	30	Zambia Copp.	10
Glaxo	40			Ultramar	21		

NEW HIGHS AND LOWS FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (43)

BANKS (1)
Guinness Peat

BEERS (4)
Glenlivet — Guinness
Greene King — Vaux

BUILDINGS (3)
Aberdeen Constr. — R.M.C.
Jones (R. C.)

CHEMICALS (2)
Brent — Carless Capel

ELECTRICALS (5)
Rediffusion — Thorn Elect.
Robinson Rentals — Do. "A"
Sangamo Weston

ENGINEERING (6)
Acrow — Roberts (C.)
Do. "A" — Trianco
Coated Metals — Weyburn Eng's

FOODS (2)
Matthews (B.) — Sanger (J. E.)

HOTELS (1)
Ladbroke

INDUSTRIALS (16)
Airfix Inds. — Granada "A"
Alpine Hldgs. — Hanson Trust
Assoc. Leisure — Hepc Conv.
Berwick Timpo — Kleeman
Caravans Intl. — Mettoy
Euro Ferries — Mitchell Cotts Transp
Ferguson Ind. — Pilkington
Gallenkamp — Vinten
Gibbons Dudley

PAPERS (1)
Geers Gross

TRUSTS (1)
Lamont Secs.

OVERSEAS TRADERS (1)
Berisford (S. & W.)

NEW LOWS (10)

AMERICANS (2)
Brunswick — Chrysler

INDUSTRIALS (2)
Trans. Union — Wilkes (J.)

MINES (6)
W't. Nigel — Poseidon
Globe Phoenix — Westmex
Zam. Copper — Botswana

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	9	7	32
Corpns., Dominion and Foreign Bonds	14	5	52
Industrials	478	152	1,125
Financial and Prop.	167	46	396
Oils	7	7	19
Plantations	2	8	38
Mines	35	37	86
Recent Issues	20	2	22
Totals	726	262	1,770

MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 11 per cent. (since July 25, 1975)

Day-to-day credit was in good supply in the London money market yesterday and the authorities absorbed surplus funds by selling a large amount of Treasury bills to the discount houses and the banks. Overfull balances were carried over by the banks and the market was also helped by an excess of Government disbursements over revenue payments to the Exchequer. These more than outweighed a net market take-up of Treasury bills, an increase in the note circulation, and settlement of gilt-edged sales.

Discount houses paid 9¼-9½ per cent. for secured day-to-day loans at the start, and 10 per cent. was touched in places. Towards the close funds were available at 7¼-8½ per cent.

Short-term fixed period interest rates were generally reduced, with the three-month sterling certificate yield easing to 10⅞-10⅜ per cent., from the previous 10½-10⅝ per cent.

At the Greater London Council bill tender held on Monday the £15m. bills on offer attracted bids of £88m. The average rate of discount was £10.3484 per cent., and the minimum accepted bid was £97.42.

Rates in the table below are nominal in some cases.

Sept. 16 1975	Sterling Certificates of deposits	Interbank	Local Authority deposits†	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills φ	Bank bills φ	Fine trade bills φ
Overnight	—	7½-11	—	—	—	10-11	7½-10	—	—	—
2 days notice	—	—	9⅞-10	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9¾-10	10-10⅛	—	—	—	9¾-10	—	—	—
One month	10¼-10⅛	10⅛-10¼	10⅛-10⅜	10⅛-10	10¾-11½	—	10-10⅜	10¼-10⅜	10⅜-10½	11¼-10⅞
Two months	10⅛-10¼	10¼-10⅜	—	10⅜-10¼	10½-11⅛	—	10-10⅜	10⅛-10¼	10⅜-10⅜	11¼-10⅞
Three months	10⅜-10½	10⅜-10½	10⅜-10⅛	11-10⅝	10½-11⅛	—	10⅛-10½	10⅜-10½	10½-10⅝	11¼-11
Six months	10¾-10⅝	10⅝-10¾	10⅝-10⅝	11-10½	11-12	—	—	—	10⅝-10⅞	11⅛
Nine months	10⅞-10½	10½-10⅞	—	11¼-10¾	11¼-12¼	—	—	—	—	—
One year	10⅞-10⅞	10¾-10⅞	11⅛-11½	11⅛-11	11¼-12½	—	—	—	—	—
Two years	—	11⅛-11¼	12¼-12⅜	11⅛-11¼	—	—	—	—	—	—

† Local authority and finance houses seven days' notice others seven days' fixed. * Long-term local authority mortgage rate nominally three years 12½-13 per cent.; four years 13⅛-13¼ per cent.; five years 13⅛-13½ per cent. φ Banks bill rates in table are buying rates for prime paper. Buying rates four-month bank bills 10⅞-10⅝ per cent.; and four-month trade bills 11¼-11⅛ per cent. Approximate selling rates for one-month Treasury bills 10⅜-10⅛ per cent.; two-month 10¼-10⅜ per cent.; three-month 10⅜-10½ per cent. Approximate selling rates for one-month bank bills 10⅜-10⅜ per cent.; two-month 10⅜-10½ per cent.; and three-month 10½-10⅝ per cent.; for one-month trade bills 10⅝ per cent.; two-month 10¾ per cent.; and three-month 10⅝ per cent.

Finance House Base Rate (published by the Finance Houses Association) 10½ per cent. from September 1. Clearing Bank Deposit Rates for small sums at seven days' notice 8½ per cent. Clearing Banks Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 10.2673 per cent.

BASE LENDING RATES

AFI International ...
Allied Irish Banks L...
Anglo-Portuguese Ba...
Henry Ansbacher ...
Banco de Bilbao ...
Banco de Jerez ...
Bank of Cyprus ...
Banque du Rhone S...
Barclays Bank ...
Barnett Christie Ltd.
Bremar Holdings L...
Brit. Bank of Mid. Ea...
■ Brown Shipley ...
Cayzer, Bowater Co. L...
Cedar Holdings ...
■ Charterhouse Japhet ...
C. E. Coates ...
Consolidated Credits ...
Continental Trade B...
Co-operative Bank ...
Copleys Bank ...
Corinthian Securities ...
Credit Lyonnais ...
G. R. Dawes ...
Duboff Brothers ...
Duncan Lawrie ...
English Transcont. ...
First London Secs. ...
■ Antony Gibbs ...
Goode Durrant Trust ...
Greyhound Guaranty ...
Grindlays Bank ...
■ Guinness Mahon ...
■ Hambros Bank ...
Hawtin & Partners ...
■ Hill Samuel ...
C. Hoare & Co. ...
Julian S. Hodge ...
Industrial Bank of Scot...
Jacobs, Kroll ...
Keyser Ullmann ...
Knowsley & Co. Ltd. ...
Lloyds Bank ...
London & European ...
London Mercantile ...
Midland Bank ...
■ Samuel Montagu ...
■ Morgan Grenfell ...
National Westminster ...
Northern Comm. Trus...
Norwich General Trus...
Portman Guaranty ...
P. S. Refson & Co. ...
Rossminster Accept'c...
Royal Trust of Canada ...
Schlesinger Limited ...
E. S. Schwab ...
Security Trust Co. Ltd. ...
Shenley Trust ...
Standard & Chartered ...
Sterling Credit ...
Thames Guaranty ...
Trade Development Bk. ...
Twentieth Century Bk. ...
United Bank of Kuwait ...
Wallace Brothers Bank ...
Whiteaway Laidlaw ...
Williams and Glyn's ...
Yorkshire Bank ...

■ Members of the Accepting Houses Committee.
* 7-day deposits 8½%, 1-month 8½%.
† 7-day deposits on sums of £10,000 and under 8½%, up to £25,000 ..., over £25,000 7½%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX
Close 321-326

I.G. INDEX
GOLD 146¼-149¼

INSURANCE BASE RATES

† Atlantic Assurance ...
Cannon Assurance ...
† Address shown under Insurance and Property Bond table.

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AUTHORISED UNIT TRUSTS

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	61.0	63.2	+1.1	5.42

Henderson Administration ♥
Premier U.T. Admin., Rayleigh Road, Brentwood, Essex. 0277 227300.

(g) Australian	34.4	36.5	−0.2	2.85
(g) Cap. Accum.	24.3	25.9	+0.2	4.55
(g) European	32.2	33.9	−0.3	3.84
(g) Far East	38.9	41.8	−0.2	2.08
(g) Finan. & ITU	21.2	22.6	.....	4.08
(g) High Income	32.9	34.6	+0.1	10.84
(g) Inc. & Assets	20.3	22.1	+0.3	6.55
(g) International	22.9	24.9	.....	3.99
(g) Nth. American	32.9	35.5	−0.5	3.00
(g) Oil Nat. Res'es	26.2	28.3	−0.1	3.79
(g) Personal Port.	—	—	.....	—
Worldwide Sep 15	58.4	62.2	.....	6.41

11, Austin Friars, EC2N 2ED

Cabot Sept. 11	63.8	67.8	.....	4.70
♦Great Aug. 20	94.0	98.5	.....	3.36

*For tax exempt funds only.

Hill Samuel Unit Tst. Mgrs.♥ (a)
45, Beech St., EC2P 2LX. 01-628 8011.

(b) British Trust	109.2	116.8	+3.0	5.43
(g) Int'l. Trust	25.9	27.8	+0.2	3.24
(g) Dollar Trust	49.5	53.0	−0.1	1.96
(b) Capital Trust	20.3	21.8	+0.4	5.04
(b) Financial Tst.	71.9	77.0	+2.5	4.43
Income	18.9	20.3	+0.5	7.27
(b) Security Trust	35.4	37.9	.....	5.75
High Yield Trust	18.5	19.8	+0.4	8.75

Intel.♥ (a) (g)
15, Christopher Street, E.C.2. 01-247 7243

Intel. Inv. Fund	68.1	73.2	+1.0	5.00

Ionian Unit Tst. Mngmnt. Ltd.♥
64, Coleman Street, E.C.2. 01-638 3060

Ionian Foreign*	76.0	82.0	.....	3.19
Ionian Growth**	102.0	110.0	.....	4.15
Ionian Inc. Fd.†	69.0	74.0	.....	12.67

*Next dealing Oct. 9. **Sept. 18. †Sept. 25.

REGIONAL MARKETS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

United States Tst. Intl. Adv. Co.,
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	US$10.87	−0.03	1.18

Net asset value Sept. 15

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

CMT Ltd. Aug. 28	£9.93	10.19	.....	—
Cnv. Bnd Sep. 15	US$7.78		−0.05	—
Eurgy Int Sep 15	US$11.79		−0.06	—
Grsh. St. $Fd Ag. 29	US$6.62		.....	—
TMT Ltd. Sept. 11	£9.94	10.19	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

World Wide Gth. Fd†	US$10.61	−0.06	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. # Suspended. ‡ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on $2.0298 per £)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.1510 per £)

Conversion factor 0.6209 (0.6226)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, Etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	......	m0.5	—	1.7
65	17	Charterhall 5p	47½	+1½	—	—	—
115	40	Colby Mines $1	65	......	—	—	—
760	360	Cons. Murch. 10c	650	−10	‡Q130c	2.2	‡
53½	29½	Laurasia	34	−2	—	—	—
375	200	Northgate C$1	260	......	Q65c	1.0	10.8
211	80	R.T.Z.	152	+5	4.97	4.4	4.8
135	47½	Sabina Inds. C$1	75	−1	—	—	—
81	51	Stanford Mines $1	65	......	—	—	—
£12½	875	Tara Expln. $1	£10½	......	—	—	—
78	38	Yukon Cons C$1	66	−2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ? Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 35

FINANCIAL TIMES

Wednesday September 17 1975

U.K. must drop soft options—Thatcher

BY GUY DE JONQUIERES NEW YORK, Sept. 16.

MRS. Margaret Thatcher, Leader of the Opposition, in a speech prepared for delivery here to-night said that the eleventh hour had struck for Britain, but expressed her confidence in the soundness of the "underlying sense" and determination of the British people.

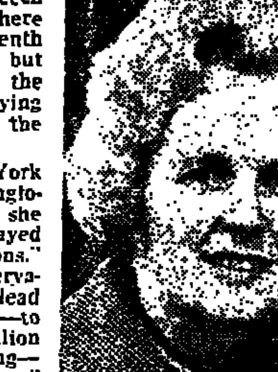
Due to address the New York Pilgrims Society, an Anglo-American friendship group, she charged that Britain has played for too long with "soft options." "They lead where we Conservatives always said they would lead—to inflation at 25 per cent.—to unemployment over one million—to a lower standard of living—to a lesser standard for living."

She added, however, that Americans could count on the traditional ability and inventiveness of the British people to survive in the future.

"There is, too, a new determination—that the will of the commonsense majority shall prevail, as it prevailed in the recent referendum," she said.

Mrs. Thatcher also emphasised that she supported detente between the U.S. and the Soviet Union and the spirit of the recent Helsinki agrement. But she said that she was also for what she described at "attente—for wanting to see results, for not letting down our guard, for keeping our powder dry."

Refering to the U.S.-Soviet Arms Limitation Talks, she went on: "Let them show us that they really mean what they say, for example in Vienna . .. for example in Portugal. Let them show us that they will practice what they preach about reducing the threat of war, about non-intervention in the internal affairs of other countries."



MRS. THATCHER
Confident in the "underlying sense" of the British people.

While Mrs. Thatcher emphasised her belief that self-reliance in Britain had been weakened b an excessive government role, the tone of her speech to-day was markedly more subdued than the address on welfare reform which she delivered to the Institute for Socio-Economic Studies here yesterday evening.

To the audience of about 100 prominent businessmen, lawyers and public figures then, her lengthy and somewhat rambling discourse on the ills of high taxation and policies designed to promote social equality in the U.K., must have seemed to confirm some of the gloomier diagnoses of Britain's problems that have appeared recently in the U.S. Press.

Her suggestion that the U.S. should learn from what she regards as Britain's mistakes contrasts strongly with the more optimistic interpretation of developments in the U.K. which senior British diplomats and visiting politicians, including Mr. Edward Heath, have sought to present to Americana udiences.

Indeed, the uncompromising natureo f her remarks is understood to have caused some embarrassment in official British circles here, and it is believed that at least parts oft he drafts of the speeches she has delivered during her U.S. visit have been amended before delivery.

But Mrs. Thatcher could not resist the temptation to depart from her prepared text at several points last night. Referring to a recent article in the Wall Street Journal, stating that Britain was "a text book case of how to ruin a country," she interjected: "I do take some consolation that there is only one small vowel sound between ruin and run. The small vowel sound is 'I.'"

Mrs. Thatcher decided on the spur of the moment to abbreviate the speech, but was still allowed time to answer three questions from the floor. Though she offered to field more answers, the dinner was abruptly called to a close by the head of the Socio-Economic Institute, Mr. Leonard Greene.

It is still too early to judge what impression Mrs. Thatcher has left on her U.S. audiences since she arrived here three days ago. Some of her listeners yesterday were clearly surprised by the tenor of her remarks, and one suggested that they were perhaps better suited to an audience in Westminster than one in the U.S.

U.N. backs plan for economic co-operation

BY OUR OWN CORRESPONDENT, UNITED NATIONS NEW YORK, Sept. 16.

THE United Nationals General Assembly to-day unanimously endorsed a broad new programme to promote development and international economic co-operation.

Delegates hailed the results of the fortnight's hard bargaining between the industrialised nations and the Third World in its special economic session as proof that genuine dialogue bad now begun on ways of curing the world's economic ills and narrowing the gap between rich and poor.

There was general satisfaction that the assembly had turned away from the bitterness and divisive baranguing which marred its first special session on economic questions in April and May last year. Mr. Daniel Moynihan, the chief U.S. delegate, told the members to-day: "We have shown that we can negotiate in good faith and, in doing so, reach genuine accord."

The Assembly's conclusions were contained in a seven-part document, approved in the early hours of this morning by a committee of the whole and then sent on to the plenary body for ratification at the first meeting.

Approved

In its lengthy resolution, the special Assembly session approved proposals to expand and diversify the trade of developing countries and improve the terms of their trade with the developed world.

It suggested further study of ways to preserve the poorer countries' purchasing power, including indexation schemes that would link the prices of exports to the cost of the manufactured and processed goods they import from the developed nations.

The developed nations were asked to take effective steps to reduce or remove non-tariff barriers to trade in the goods of the developing countries. Improvements were proposed in the generalised scheme of trade preferences for the products of these countries.

On development financing, the Assembly urged the developed nations to "adopt as their common aim" an increase in official development aid to 0.7 per cent. of GNP by the end of the decade.

Mr. Jacob Myerson, for the United States, said his Government intended to increase its aid, but did not believe the establishment of targets was likely to achieve the intended result.

He said the U.S. did not accept that the UN's action implied the establishment of "something called the New International Economic Order."

In its reference to monetary reform, the Assembly resolution favoured a reduction of the role of national reserve currencies, with SDRs to become the central reserve asset of the international monetary system. This would provide greater international control over the creation and distribution of liquidity.

Not supported

The U.S. did not support the Assembly proposal that when the International Monetary Fund considers the creation of new SDRs it should look into the establishment of a link between them and development aid.

The resolution said there was urgent need to increase substantially the capital of the World Bank group of agencies, and recommended an increase in the resources of other UN development institutions, as well as of funds for regional development banks.

It said the next session of the UN Conference on Trade and Development in Nairobi in May will investigate the debt burden of developing countries. "It shall consider the need for a possibility of convening, as soon as possible, a conference of major donor, creditor and debtor countries to devise ways and means to mitigate this burden."

The resolution said the solution to food problems lay primarily in the rapid increase of food production in the developing countries.

Developed nations should facilitate access to their markets for food and agricultural products exportable by the Third World, adopt policies to ensure a stable and sufficient supply of fertilisers and other production inputs at reasonable prices, and pledge aid to the International Fund for Agricultural Development so that it could come into being by the end of this year with initial resources of 1bn. SDRs.

Tentative steps to a new economic order Page 31

THE LEX COLUMN

Grindlays' capita[l] structure

In an ideal world yesterday's half-time statement from Grindlays Holdings would both have produced a permanent solution to its capital problems and have shown that all the bad debt worries had been provided for. Unfortunately, the statement does neither. Grindlays has not been able to find anybody to put up new equity capital apart from Citibank, already committed to buy 2.37m. new shares in Grindlays Bank, and even in this case the price has not been settled. By far the bulk of the new capital is to take the form of subordinated loans amounting to some £27m., but no information is forthcoming on who is to put up the money—except that it is to be "organised" by Lloyds Bank—and on what terms the loans will be made available.

The delays in establishing the new capital structure are explained simply enough by a depressing story of losses in the first half-year; deficits at Brandts and in the Grindlays London business have swamped the after-tax earnings available overseas. The net loss for the Bank (60 per cent. owned by Holdings) is almost £16m.

The loss cuts the Bank's equity resources from £55.4m. at the end of 1974 to £39.5m. This means that Citibank will pay less for its new shares, for although a net worth formula would have indicated some £9m. on the basis of the year-end balance-sheet this will now come out at not much above £6m. The proposed capital structure, therefore, is likely to consist of £40m. of debt against some £46m. of equity. And the capital base would still be under 6 per cent. of deposits.

Of course, recent additions of over £15m. to general provisions—effectively inner reserves—have added to the real strength of the group. But Grindlays may well seek a further substantial equity injection when it becomes practicable.

On profits, all that can be said for the moment is that the situation at Brandts remains uncertain, and steps taken to restore profits elsewhere in London have yet to produce results—though the trend is said to be improving. The reliance on £27m. of new debt will not make it easier for the group to benefit from its £24m. of U.K. tax allowances.

See also Page 1

Index rose 4.2 to 326.0

Rank Organisation

The capital structure of the Rank Organisation has helped to make the present Boardroom dispute possible, and a really satisfactory settlement of the one must lead at some stage to reformation of the other. Taking in the convertible, the group is currently capitalised at around £250m. and its balance-sheet total is approaching £550m.—

RANK FOUNDATION
No share capital

★ GROUP HOLDINGS
25,000 'A' Voters
95,000 'B' Non-Voters

RANK GROUP HOLDINGS

RANK ORGANISATION
53% of Voters
10% of Capital

★ OFFICIAL CUSTODIAN FOR CHARITIES holds
81,000 'B' Non-Voters

which would be considerably bigger if the Rank Xerox holding were consolidated at anything like its market value. As known, Rank Group Holdings controls 53 per cent. of the votes in the organisation — via an equity stake which is currently worth just £22m.

RGH is in turn owned by Group Holdings where once again a tiny proportion of the equity controls the votes, which all lie ultimately in the hands of the Rank Foundation. This company is limited by guarantee, which means that it is not responsible to any shareholders; and its first objective, following changes made in 1970, is to promote the interests of the Rank Organisation by taking any steps that it considers appropriate. Apart from Sir John Davis, the Foundation and the Organisation have only one director in common.

A number of other major companies have clo[...] potentially embarrassi[ng] with large shareholde[rs] response of the B[...] Mackintosh trusts to [...] bid approach some yea[rs] an example. But Ra[nk] special case: although [...]ture was originally des[igned to] keep the group in U.K. has also led to a conc[entration] of power to an extent w[ith] very few parallels amo[ng com]panies of this im[...] Given the nature of the conflicts, the Foundati[on] obvious target for ref[orm.]

See also Page [...]

BICC

BICC were unmoved yesterday; six-month p[...] £7m. lower at £17.2m. but the performance i[...] with the second half (allowing for that year['s] stock losses) and th[e] interest charge look[s] coming down fairly sh[...] the same time BICC that demand has stopp[ed] in a number of areas.

Thus this year's divi[dend] adequate safeguards. final payment may [be] adjusted upwards. But [...] it is equally clear [...] timescale for overall recovery is still medi[um] with BICC's overseas o[...]—say a third of the [...] total—likely to start le[...] way up a year from [...] fact, South Africa has stayed very resilient, [...] operations in Austr[alia] Canada, with their mo[...] leanings towards [...] demand, should benef[it] early in the cycle.

At home the upturn [...] slower. A return [...] (apparent so far [...] among the Balfour Be[atty con]struction operations co[...] matters a little, but a [...] charge down by two-t[...] the six months is a pointer to the low sta[...] currently. Cables hav[e] as a cushion but lowe[r] prices are putting con[...] pressure on conversion in the metals divisio[n] growing losses at [...] Aluminium are depre[ssed ...] returns from the associ[...]

For 1975 earnings c[...] back from 14½p to lit[tle more] than 10p, but the hist[oric] dividend total is 6.6 shares yield 10 per ce[nt.]

See also Page 3

Unilever in £8.2m. agreed offer for Nairn Williamson

BY MARGARET REID

UNILEVER, the major Anglo-Dutch food, detergent and industrial group, is making an agreed cash bid for Nairn Williamson, the floor coverings concern, valuing it at £8.2m. and comfortably topping competing offer hours earlier from Low and Bonar.

As a prelude to its bid, Unilever, whose own products include "Fablon" wall coverings, has bought a 29.9 per cent. stake in NW from Tunnel Holdings for 120p a share, the price which remaining shareholders will also be offered.

The Tunnel interest had itself been purchased in December, 1973, from Slater Walker at 185½p a share, in a move which then blocked a £12.6m. take-over of NW previously planned by the Marley tile and building products company.

The Unilever offer, which NW's Board is to recommend, came late last night, after a day which had seen a would-be rival purchaser, the Low and Bonar Group packaging, engineering and textiles concern, make a bid worth 98u a share. This followed some two weeks of talks between NW and Low and Bonar.

In the stock market, NW shares closed 6p up at 92p, several hours before the Unilever intervention. Earlier this year, they had stood at 41p and were only 54p before the discussions with Low and Bona were sterted late last month.

Unilever, through its Commercial Plastics subsidiary, already makes a range of wall covering vinyl products, including "Mayfair" wallpaper and "Sombrero" sun blinds, which are seen as complementary to NW's goods. The latter include vinyl floorings, carpets and linoleum.

Last night, Unilever said that much of the technology relating to the two concerns' floor and wall coverings was similar, and that opportunities existed for more rapid technological advance by combining the know-how for new products, both in interior decor and industrial uses.

In 1974, NW had sales of £27m.—believed to be broadly similar in size to Commercial Plastic's—and a pre-tax profit of £1.4m. The offer by Unilever is conditional on the deal not being referred to the Monopolies Commission.

The terms offered earlier yesterday by Low and Bonar were one ordinary share and £2.40 cash for every four Nairn ordinary shares. L. and B. shares eased 5p to 153p after the news. This offer was conditional on its being recommended by the NW directors who are backing the Unilever offer—and on its not being referred to the Monopolies Commission.

Railmen fail to win redundancies pledge

BY LORELIES OLSLAGER

RAIL UNION leaders failed last night to secure an assurance from British Rail that the proposed cuts in services will not mean compulsory redundancies. They insisted that for them such a commitment was a condition for union co-operation in helping British Rail cut costs to keep next year's losses down to the £330m. level forecast for this year.

A further meeting between the unions and the BR management has been arranged for Friday, when Mr. Richard Marsh, BR chairman, will be present.

British Rail will look at its cost-saving guidelines to see whether they can be amended in the light of what the unions said to-day, and will inform them of the result of the re-appraisal on Friday. Mr. Ray Buckton, general secretary of ASLEF, therefore said there was no deadlock yet, though he described last night's meeting as "very abortive."

The unions also suggested that BR should double the present £300 "mobility payment" for people transferring to other jobs in order to encourage a batter balance in the labour force.

Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, said that after yesterday's meeting with Mr. David Bowick, BR's chief executive, that the unions had proposed a formula for cutting costs over the next 12 months by about £100m. This could be done by reducing rest-day and overtime working and encouraging railway workers to move from overstaffed to understaffed sections.

The unions were also not objecting to voluntary redundancies, Mr. Weighell added.

He said he could co-operate in BR's plans only if he got the guarantee that there would be no compulsory redundancies. "Otherwise I cannot sell it to my members."

He stressed that railwaymen were prepared to accept a loss in earnings to help the industry over the next difficult 12 months.

Emphasising the danger of BR's running down services and stock to a point where it could not meet demand in the next economic upswing, Mr. Weighell said: "We are trying to save Britain's railway system for the British people, even if they do not appreciate that."

This remark was echoed by Mr. Buckton. The locomen's leader said it was "obvious" to him that British Rail wanted to cut staff as well as services.

Tidal Marine men charged

By Adrian Dicks

WASHINGTON, Sept. 16.

THE TWO leading figures in Tidal Marine International and nine other men have been indicted in New York for defrauding American banks of some $60m. before the collapse of the shipping group in 1972.

Accused are Mr. Charalambos ("Harry") Amanatides and Mr. Amileas Ion Livas, respectively president and chairman of Tidal Marine, three former executives of National Bank of North America, a former vice-president of Bank of America, and five former employees, lawyers or business contacts of the shipping company.

The incident, made public yesterday by Mr. Paul Curran, U.S. Attorney for Manhattan, gives details of a series of bank loans made to Tidal Marine for the purchase of ships at allegedly inflated prices. Collateral for these loans, according to the indictment, was made in the form of false charter documents which made it appear that the higher prices were justified by the length of time for which the vessels had been chartered.

Loan department

Meanwhile, the indictment states, the increased prices had been generated through a series of sales transferring ownership of the vessels between different companies controlled by the defendants.

Mr. Curran said National Bank of North America had been defrauded in this manner of $42m. and Bank of America and other institutions of £18m.

A spokesman for Bank of America, the largest bank in the world, refused to-day to give futher details, beyond confirming that a former vice-president in the loan department of its New York office, Mr. Francis Marone, was dismissed as a result of the case in March 1973.

The three former executives of the bank indicted yesterday were Mr. Gregory Spartalis, former senior vice-president, Mr. Joseph Metzger, former vice-president, and Mr. John Rochelle former assistant vice-president. They are accused of falsifying entries and accepting gifts in exchange for procuring loans.

Thorpe: I am not resigning

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. JEREMY THORPE, the Liberal Leader, will try to-day to counter the growing doubts about his leadership created by the party's waning political influence since the General Election.

In a speech on the opening day of the Liberal Assembly at Scarborough he proposes to spell out party policy on the country's problems in an attempt to halt the grumblings before they develop into a serious and overt attack on his position.

At a Press conference last night he shrugged off suggestions that he might be nearing the end of his term as Leader. "When I go, I shall go of my own volition, and that is not on the cards for some time, I can assure you," he said.

Mr. Thorpe, who has been resting for some weeks after a virus infection, insisted that he was in excellent health again. But he appeared to many to be more subdued than usual, and to lack his familiar zest.

Before Mr. Thorpe speaks this morning there is likely to be a walk-out by a section of the party over the presence of Mr. Said Hammami, permanent London representative of the Palestine Liberation Organisation.

A group of Young Liberals will move the suspension of standing orders to enable Mr. Hammami to address the assembly. If the move fails they will walk out so that they can hear the PLO representative at a meeting outside the hall.

All the indications are that the move will be strongly rejected by the majority of the 1,300 delegates. Mr. Cyril Smith, the party's outspoken Chief Whip, said that if the move succeeded he would lead his own walk-out before Mr. Hammami spoke, and Mr. Thorpe referred to the PLO as "an appalling organisation with blood on its hands from past activities."

The issue, though not of great importance to many delegates, illustrates the gap between the Young Liberals and some Arabists like Mr. Christopher Mayhew, and the rest of the party.

Apart from Mr. Thorpe's speech to-day, in which he will concentrate on inflation and unemployment, but also refer to Northern Ireland, political reform and the position of the Liberal Party, the main interest of the week will centre on the move to reform the method of selecting a party Leader.

On Thursday evening a memorandum drafted by the 13 Liberal MPs at the suggestion of Mr. Thorpe will be debated which calls for widespread consultation from all sections of the party before a vote is taken by the MPs.

The Young Liberals continue to insist that the leader should be selected by delegates at a special assembly.

The topical resolution chosen for debate criticises the Government's handling of the unemployment situation and calls for the "mass mobilisation of every available training facility" to provide those skills that will be needed when the next economic upturn occurs. It will be moved by Mr. John Pardoe, MP for North Cornwall, before the assembly closes on Saturday.

Curb public sector right to strike Page 11

Weather

U.K. TO-DAY

LOW PRESSURE will affect most districts bringing cloud and rain at times. Western areas will have hill fog. Brighter weather with scattered showers will spread from the West later.

London, S.E. and Cent. S. England, E. Midlands, E. Anglia
Rain at times with light or moderate wind. Max. 17C (63F).

Cent. N. and N.E. England, W. Midlands, Borders
Cloudy with rain at times. Wind W., light or moderate. Max. 17C. (63F).

Channel Is., S.W. England, Wales, Lake District
Mainly cloudy with rain or drizzle. Wind W., moderate. Max. 18C (64F).

Isle of Man, W. Scotland, Dundee, Aberdeen, E. Scotland, Cent. Highlands, N. Ireland, Orkney, Shetland
Cloudy with rain at first. Brighter later with scattered showers. Wind W., fresh to strong. Max. 15C (59F).

Outlook: Unsettled with rain at times and temperatures rather below normal.

Lighting-up: London 19.43; Manchester 19.53; Glasgow 20.02; Belfast 20.08.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	19	66	Madrid	F	13	55
Athens	F	31	88	Manchstr	F	14	57
Bahrain	S	35	95	Melbourne	R	18	64
Barcelona	F	21	70	Mexico C.	S	18	64
Beirut	S	28	82	Milan	C	18	64
Belfast	C	12	54	Montreal	C	16	61
Belgrade	F	30	86	Moscow	C	18	64
Berlin	S	21	70	Munich	F	27	81
Birmghm.	S	14	57	Newcastle	F	16	61
Bristol	C	12	54	New York	C	18	64
Brussels	F	19	66	Oslo	C	14	57
Budapest	S	27	81	Paris	C	18	64
B. Aires	S	20	68	Perth	F	15	59
Cairo	S	32	90	Prague	S	24	75
Cardiff	S	14	57	Reykjavik	C	10	50
Cologne	F	22	72	Rio de J'o	C	23	73
Copnhagn.	S	15	59	Rome	S	31	88
Dublin	C	15	59	Singapore	S	34	93
Edinb'gh	C	14	57	Stockholm	C	16	61
Frankfurt	S	22	72	Strasb'rg	S	20	68
Geneva	C	17	63	Sydney	C	19	66
Glasgow	C	13	55	Tehran	S	29	84
Helsinki	F	16	61	Tel Aviv	S	28	82
H. Kong	C	25	77	Tokyo	C	33	91
Jo'burg	S	28	82	Toronto	C	13	55
Lisbon	C	17	63	Vienna	F	25	77
London	C	15	59	Warsaw	S	21	70
Luxembg.	F	17	63	Zurich	S	20	68

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	26	79	Jersey	R	13	55
Algiers	F	26	79	Las Plms.	F	14	57
Biarritz	C	18	64	Locarno	R	19	66
Blackpool	F	15	59	Majorca	F	23	73
Bordeaux	C	16	61	Malaga	S	17	63
Boulogne	R	14	57	Malta	S	28	82
Casablnca.	C	19	66	Nairobi	S	21	70
Cape Town	S	20	68	Naples	S	33	91
Corfu	S	28	82	Nassau	S	31	88
Dubrovnik	S	27	81	Nice	F	24	75
Faro	S	20	68	Nicosia	S	30	86
Florence	F	28	82	Oporto	F	18	64
Funchal	F	22	72	Rhodes	S	31	88
Gibraltar	S	19	66	Salzburg	S	25	77
Guernsey	C	12	54	Tangier	C	18	64
Innsbruck	C	25	77	Tenerife	C	17	63
Inverness	F	20	68	Tunis	S	30	86
I. of Man	C	13	55	Valencia	R	13	55
Istanbul	F	15	59	Venice	C	25	77

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Continued from Page 1

Threat to steel

where a blastfurnace twice the size of the one at Llanwern is due to be built. In addition, the Scunthorpe works, including the massive new Anchor development, was completely shutdown last night after 3,000 blastfurnacemen went home.

This brought an angry response from local management, apparently supported by other steel unions in Scunthorpe, who claimed that the blastfurnacemen had shown "an utter disregard for plant equipment and safety."

BSC had been expecting co-operation in damping down blastfurnaces and coke ovens but safety cover had been withdrawn by yesterday morning on the instructions of the NUB's divisional officer, Mr. John Perring.

Elsewhere, militant support for the Llanwern dispute built up yesterday at the giant Port Talbot steel complex where 1,400 blastfurnacemen decided to strike from Sunday before hearing of the NUB's official instruction. Meanwhile, men at Corby are expected to stop work from to-morrow.

The first plant to be hit by lay-offs because of blastfurnacemens' strike action will be Llanwern where 3,500 will stop work on Friday and another 1,000 are likely to be sent home shortly afterwards.

16 Foot-soldier right in view (4)

Plants north of the border will be unaffected by the NUB's strike call because Scottish blastfurnacemen belong to another union. Special steels manufacture in Sheffield will also be unaffected because steel is manufactured by the electric arc process.

But BSC's overall output, already halved by the steel slump, will be cut by 75 per cent. and would take time to recover after a prolonged shutdown

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